





# EUROPEAN NEWS

## Judge shot dead by Red Brigades

ROME, Oct. 10. A SENIOR official of the Italian Justice Ministry, Sig. Girolamo Tartaglione, aged 65, was shot dead at his home in Rome today, and the Red Brigades urban guerrillas claimed responsibility. Sig. Tartaglione, a Rome magistrate who also served as the Justice Ministry's Director-General for Penal Affairs, was shot by a young man as he came down the stairs of his suburban block of flats. The gunman escaped in a black car driven by an accomplice.

Later, a woman telephoned a newspaper, saying: "This is the Red Brigades. At 14.15 we executed Girolamo Tartaglione of the General Directorate of the Justice Ministry." Sig. Tartaglione was the 17th Italian killed by the Red Brigades this year. Italian magistrates have been the target of the Red Brigades and other urban guerrilla gangs. Sig. Riccardo Palma, another Roman judge, was the last victim of terrorists. His murder on February 14 was claimed by the Red Brigades, which kidnapped and murdered former Sig. Aldo Moro, the former Prime Minister.

Sig. Moro condemned his Christian Democratic Party colleagues as idiots, opportunists or power-seekers during his 55-day imprisonment, according to two Italian news magazines. The weeklies L'Espresso and Panorama are publishing what they claim is a Red Brigades report on interrogations of Sig. Moro made in captivity before he was murdered in May.

The report was among a large haul of documents taken by police from four Milan flats which they raided last week. The raids led to the arrest of nine alleged Brigades members, including three men wanted for the Moro kidnapping. The two magazines released excerpts from the report today in advance of fuller versions to be published in Panorama and L'Espresso later this week.

Rumours about the report, whose existence investigators have confirmed while maintaining silence on its contents, have led to petitions from all parties calling for its publication in full.

They maintain that whatever Sig. Moro said during almost two months of imprisonment could not be taken as his true feelings, and they want the report to be published to counterbalance partial leaks and rumours.

Reuter and AP

## Calls for control of Spanish arms trade

BY ROBERT GRAHAM

SPAIN'S discreet but significant place in the international arms trade has begun to come under scrutiny here, with calls from politicians for Parliamentary control.

Information on defence sales and arms dealing has traditionally been kept from the public and covered by rules of military secrecy. However, opponents of this secrecy and those concerned at the final destination of some of the arms—especially Latin American dictatorships—have recently been given encouragement.

On September 24, British police boarded a Spanish vessel off Rochester and uncovered three cases containing 2,830 Armalite rifles. The cases were billed as general cargo bound for Bilbao.

After questioning the ship's captain and the full cargo were allowed to proceed to Bilbao. Last week the vessel was impounded there, albeit temporarily, by the military in view of the outcry here over the arms discovery.

The rifles had been bought in Belgium by Barreiros Hermanos Internacional, a subsidiary of the well-known, family-controlled industrial group, Barreiros. Their final destination has not been publicly admitted but leaks suggest it was Southern Africa, perhaps the Angolan rebel group UNITA. The company has persistently declined to comment on the destination only to confirm that its subsidiary did order them.

International arms deals by Spanish companies, private and State-controlled, have to obtain the approval of the Arms and Export Board.

The affair has provoked a controversy partly because of the involvement of Barreiros, a family linked to the former Franco regime and alleged to be in the arms trade. More importantly there is a concern about the freedom of such companies to buy and sell arms.

Further fuel was added to the issue when over the weekend it was discovered that 38,100 kilos of arms, grenades and rocket launchers, were being despatched from Valencia to Chile—arms which had apparently been ordered in 1976.

Officially Spain observes an arms embargo towards South Africa and Rhodesia. Also since the formation of a new Government last summer there has been a freeze on new arms contracts with the Maghreb states of Algeria, Morocco and Mauritania in order to prevent Spain being accused of bias in the Saharan conflict.

In this respect the politicians would like to know whether this official policy is in fact being respected. All arms purchases abroad and foreign sales are excluded from official trade statistics so there is general ignorance of the extent of the trade. It is this ignorance which leads to suspicions, well-founded or not, that existing controls are inadequate.

It is still not certain that Mr. Ullsten will take the hint. Strongly urged by the Liberal youth wing, its women's organisation and party newspapers to active part in the government negotiations, he has been trying to form an all-Liberal government. But last night the Moderates warned that they would vote against him and opinion among the Centre Party MPs was also clearly opposed to a single-party Cabinet.

However, this afternoon Mr. Olof Palme, the Social Democrat leader, told a hastily summoned news conference that his party might have to "take a more active part" in the government negotiations. He would not elaborate but his remark has been interpreted as a hint to Mr. Ullsten to seek Parliamentary support from the Social Democrats for his Liberal Cabinet. The Liberals hold only 39 of the 349 Riksdag seats, but the Social Democrats command 182.

Comments from Liberal MPs this morning suggested that they were angry at Mr. Faelldin's attempt to force them into a coalition with the Moderates. On the other hand, Mr. Ullsten could lose a substantial number of anti-Socialist votes at the new election in September should he rely on Social-Democratic support to form a government.

Mr. Goesta Bohman, a party advocate of a continuing co-operation embodied in the Cabinet which collapsed last week because of differences over nuclear power, said such co-operation should be based on a single government coalition, not on a single party.

Mr. Ullsten is expected to get his dilemma by tomorrow at the latest.

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## Hearing of Aegean dispute begins

The International Court of Justice at The Hague opened hearings yesterday to determine whether it has jurisdiction in the Aegean Sea oil rights dispute between Greece and Turkey. AP-DPA reports. Turkey, which says the court is unqualified to rule, did not send a representative. Negotiations are continuing. The Greek Ambassador at the hearing said, but the dispute still represented Ambassador at the hearing said, "I intend to proceed."

### Warship visits

Turkey and the Soviet Union will exchange courtesy visits of their warships this month and in November. AP reports from Ankara. Two Soviet destroyers will call at Istanbul and two Turkish destroyers at Odessa. Greek warships visited Odessa last month. A 15-man delegation from the Chinese War Academy will be received by the Turkish Defence Minister and the Deputy Chief of Staff.

### Oil predominant

Crude oil and natural gas will remain dominant throughout the 1980s as the main energy sources in Europe and North America, despite efforts to replace oil by nuclear. The Economic Commission for Europe said in a study published yesterday. AP reports. Coal must strengthen its position as an energy source for electric power generation, but not as a raw material or source of heat. The industry would enter a new period of conservation within the next five to 10 years, with increased recycling of waste heat in the chemical industry, increased use of low-grade energy sources such as peat and shale, and the use of alternative energy sources such as hydrogen, methanol and possibly ammonia.

### Reactor starts

East Germany has started up its sixth atomic reactor, a small research and training unit at the University of Dresden. Neues Deutschland reported yesterday, according to Reuter.

### Shipbuilding cuts

The 43 West German shipbuilders plan to reduce by 1000 the number of hours worked in the industry to 23.4m a year, compared with 24.7m in 1975, the Shipbuilding Association announced in Bremen, Reuter reports. The workforce will be cut from 53,000 to 50,000.

### Antarctic base

West Germany plans to join the 12 nations conducting year-round scientific research in Antarctica by establishing a national polar research institute and building a permanent South Pole base. Hans Hauff, Research Minister, said in Bonn, according to AP. Construction of the base will start late next year on the Filchner Ice Shelf in the Weddell Sea sector, an area claimed by Argentina, Britain and Chile.



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## Davignon urges greater role for Commission

BY GILES MERRITT

ROME, Oct. 10.

A STRONG plea that the Brussels Commission should in future play a more central role in formulating European industrial policy was made here today by Viscount Etienne Davignon, the EEC Industry Commissioner.

Viscount Davignon said that the Commission is now seeking additional responsibilities that would establish its role as the central co-ordinator of EEC industrial policies aimed at tackling the problems of major over-capacity industries.

Speaking at a one-day conference, organised by Italy's IRI state industrial holdings group to discuss the difficulties facing Europe's manufacturing industries, Commissioner Davignon emphasised that the defensive measures so far devised by member states would inevitably lead to a wave of protectionist measures in the EEC.

"The choice," he said, "is not between a free market economy or a Community industrial policy, but between differing and contradictory national measures and the co-ordination of these measures in an EEC context."

The industry Commissioner's call for the EEC Commission to take the lead in co-ordinating industrial restructuring programmes was echoed at today's conference by Sir Carlo Carli, president of Confindustria, the Italian Employers' Federation. Sir Carlo said that it was inconceivable that the European Commission's importance in deciding industrial policy should be reduced, and that on the contrary it should now take the lead in co-ordinating industrial restructuring programmes.

Viscount Davignon's view that the European Commission should be given greater power over industrial policies has been made public in the past, but it is expected that the proposals he put forward in Rome today will mark a determined drive on his part to establish the Commission as a new central authority.

While making it clear that the Commission is generally in favour of measures that help improve the overall economic climate rather than specific sectoral aid, M. Davignon went on to suggest a scheme under which the Commission would establish a new central authority.

Viscount Davignon also emphasised that increased Commission responsibilities could offer in terms of industrial policy making. First, he said, the Brussels Commission had the advantage of providing an objective analysis of industrial problems in co-operation with national governments and their social partners. It would be able to identify real needs and priorities inside the Community.

Finally, he said, the European Commission would be able to determine solutions that might not be available on a national level.

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## IRISH TELECOMMUNICATIONS

# A race to catch up

BY OUR DUBLIN CORRESPONDENT

JUST FOUR years after Alexander Graham Bell had his historic conversation with his assistant, Dublin's first telephone exchange came into operation. Today, frustrated subscribers in the Irish Republic might be forgiven for thinking that not much has been done about it since.

Unfair as such a jibe might seem to the harassed officials, engineers and operators of the Department of Posts and Telegraphs, no one disputes that the Irish telephone system is by far the worst in the EEC.

The figures tell their own story. France, for so long the butt of jokes about its telephones, has 27 phones per 100 of the population compared with 15 in Ireland. The Irish waiting list is around 40,000 and a wait of three years is not uncommon. A house which has a telephone installed can fetch an extra £100 or more on the market. Charges are high but the service has lost 82m in the last three years.

More serious, though, than the difficulty of getting a telephone, is the fact that it does not work very well when installed. Businesses, particularly new ones attracted from abroad, will be given priority on installation but, particularly if situated outside Dublin, they will find that their communications problems are far from over.

For the Dublin user, communications to the outside world are reasonably satisfactory, with direct dialling to more than 20 countries and an efficient international operator service for the rest.

The exception to this is the UK, Ireland's nearest and most important trading partner. There is direct dialling to only five major British cities, plus Belfast, and an uncertain service to the rest.

But the situation for those outside the capital is much worse. There are few exchanges with direct dialling to overseas and it is difficult for foreign callers to reach provincial Irish towns and cities.

Were it not for the telex system the chances of attracting any industry to locations outside Dublin would be slim. Now, particularly after a strike last year, there is a growing realisation in both Government and business that the state of Irish telecommunications may be a serious disincentive to potential investors.

Unfortunately, with telecommunications more than most industries, the sins of the fathers are visited on the children. One could even make a case for blaming the British, as the Irish are prone to do . . .

It will not be easy to catch up. The Department has a five-year £350m programme to develop the system. If it goes according to plan, it may considerably improve the system, but it is unlikely even then to match the standards in most EEC countries.

The legacy of neglect and the race to catch up are also responsible, many observers believe, for the complicated engineers' dispute which recently brought the system grinding to a halt for three months.

The recruitment programme has meant that an exceptionally large proportion of Irish telephone engineers are young (under 25) and there is not the usual extensive hierarchy of order and wiser heads at the top.

They are being asked to take part in a modernisation programme which involves considerable changes in working practices, skills, deployment and opportunities. Many believe also that the Department itself is not adept at handling the resulting tensions and problems.

The argument is that a civil service department is the wrong kind of organisation to supervise the development of a high-technology industry like telecommunications.

Certainly, the Department of Posts and Telegraphs (P and T), as it is known, shows signs of inflexibility and lack of leadership. When a worker refuses an instruction, his supervisor is left with no option but to suspend him. This rigidity has been exploited by the engineers' union, the IPTEU, which has managed to avoid calling strikes.

The best hope for the hard-pressed Irish subscriber still lies in an early settlement with the British Post Office, the country's national carrier, which earlier this year endured a seven-week strike sparked off by its own clerical workers. Although the airline managed to keep going, schedules were badly affected.

At one time, the strike was estimated to have cost the airline £50,000 a day. The Aer Lingus strike coincided with a lengthy telecommunications strike and considerable damage was done to the country's tourism industry. Strikes in these important communications industries were also extremely bad publicity for a country trying to attract foreign investment partly on the basis of its good strike record.

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## Strike by clerks a threat to Shannon

By Stewart Dalby

DUBLIN, Oct. 10.

ONE HUNDRED clerical workers, employees of Aer Lingus, the authority which runs Shannon Airport, went on strike today, threatening disruption to Ireland's major transatlantic airport.

The clerks have decided to set up pickets on the airport and if other workers—notably security men and firemen—decide not to cross the picket it could lead to a shutdown of the airport, as international regulations require a fire-fighting force to be on stand-by.

The clerical workers, who belong to the Irish Transport and General Workers' Union (ITGWU), have had long-running talks with the Airport Authority about a number of issues, including promotion and fringe benefits. Talks broke down last Friday and it was decided to take industrial action from today, although by tonight there was no indication that pickets had been effectively set up.

Although the strike is unofficial, it could cause considerable disruption since Irish workers are extremely reluctant to break pickets even if set up by other unions. Any disruption is extremely worrying to Aer Lingus, the country's national carrier, which earlier this year endured a seven-week strike sparked off by its own clerical workers. Although the airline managed to keep going, schedules were badly affected.

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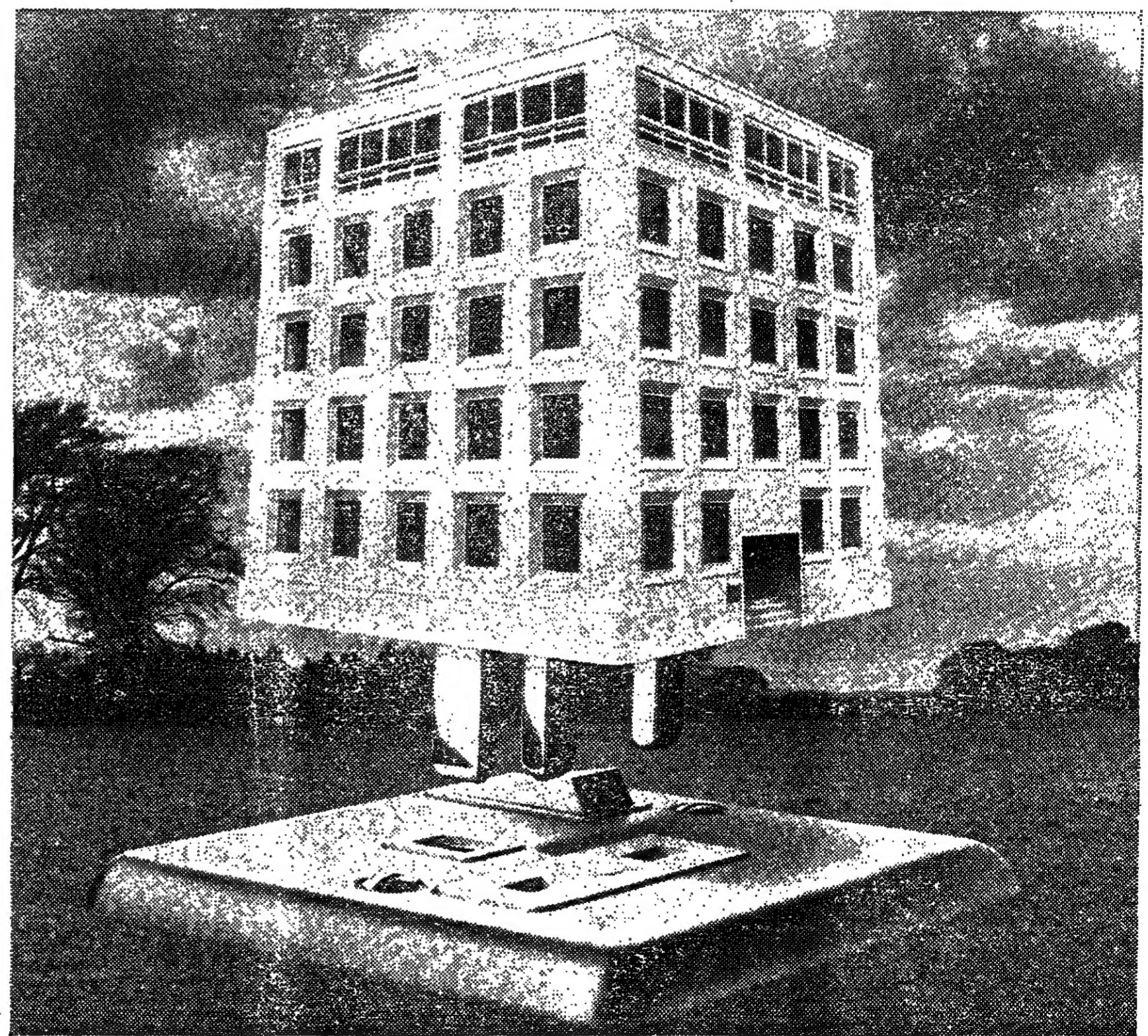
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**PLANELECTRIC**

The Electricity Council, England and Wales



## WARREN'S VENTURES

### Warnke to resign as SALT negotiator

By Jurek Martin  
WASHINGTON, Oct. 10.

MR. PAUL WARNKE, the chief U.S. strategic arms negotiator, will resign later this month, the White House announced today. He will leave his post as director of the Arms Control and Disarmament Agency (ACDA) after the Moscow talks which are scheduled for October 22-23. The two Foreign Ministers, Mr. Gromyko and Mr. Andrei Gromyko. These talks now look as though they will be the final act in the protracted strategic arms negotiations between the two countries.

Mr. Warnke's resignation, therefore, is being interpreted as yet further confirmation of the fact that the conclusion of a second SALT treaty is now imminent.

Mr. Warnke has let it be known several times in the last week that he wanted to leave his post for personal reasons, once an essential SALT pact had been reached.

He apparently wanted this known well in advance so as to avoid the interpretation that his departure was an administrative concession to hardliners in Congress in order to help win eventual Congressional ratification for a second SALT pact.

The recent surge in President Carter's popularity has probably improved the chances of Congressional approval of the new agreement sometime next year.

Mr. Warnke had been considered by Congressional hawks to be too "soft" in his dealings with the Soviet Union. President Carter may, therefore, replace him with somebody who can be expected to take a tough approach to the inspection and surveillance provisions of a new SALT treaty.

This may not, of course, completely mollify Congressional critics of the Administration's arms policies, who will, in any case, have a further opportunity to attack Mr. Warnke as he has said he will testify on behalf of the new treaty in Congress.

The President himself was effusive in praise of Mr. Warnke this morning, saying that he had enhanced the security of the United States.



### Dome drills more Arctic oil wells

By Michael Tingey  
NORTHWEST TERRITORIES, Oct. 10.

DOMESTIC PETROLEUM is attempting to complete the first test on three offshore wells drilled in the Beaufort Sea, during the short Arctic summer, which has just come to an abrupt end. The Calgary-based Canadian company has its local operations centre in Tuktoyaktuk, on the Arctic coast, 100 miles north of Inuvik, at the head of the vast Mackenzie River delta.

The drilling is the most northerly offshore undertaking in the world, and the first of its kind in the Arctic Ocean. It is also the most expensive. Each well drilled during the three-month season will have cost \$40m by the time of shut-down in the next few days.

The 1978 season has generated considerable excitement, both locally and on the New York Stock Exchange, where Dome shares have leapt off again after topping \$100 per share earlier this summer. Last year two wells were drilled and tested. One yielded gas at 17m cu ft per day, and the other a light crude oil at 1,600 barrels per day. The three 1978 wells have been logged, but there is no indication so far of what the company may find.

To the north-west on Alaska's north slope a more sulphurous oil (28 API and 1.4 per cent sulphur) is being extracted at a rate of 1.2m b.p.d. but Alaska has no offshore drilling. Dome began its preliminary programme in 1975, after taking concessions in the Beaufort Sea in the 1960s. Offshore drilling would not have been the personal conviction of Dome's owner, Mr. Jack Gallagher, who regarded the Beaufort Sea as the largest unexplored sedimentary basin in the world.

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ASK FOR IT

## Congress push to wrap up tax and energy Bills

BY DAVID BUCHAN

WASHINGTON, Oct. 10.

WITH ONLY five full debating days left in this session, Congress is pushing its troops hard to take final action on the crucial tax and energy Bills.

The two branches of the legislature plan to adjourn on Saturday to allow members to start campaigning in earnest for re-election on November 7.

Of the two Houses, the Senate has the bigger backlog. It is still mulling its way through various components of President Jimmy Carter's energy programme, which must all get Senate approval by the end of the week if the House of Representatives is to be able to vote on the whole package.

Failure to do so would mean Congress being recalled for a "lame duck" session at the end of the year, which few Congressmen would want.

Two more strides towards Mr. Carter's goal of an American energy programme were taken yesterday when the Senate passed Bills to reform the structure of rates charged by power companies and to encourage domestic conservation of energy.

It has already passed the Bills to phase out price controls on natural gas and to set industry to switch from burning oil and gas to coal.

The one remaining hurdle is the tax aspect of the energy programme with House and Senate negotiators yet to agree on a special tax to penalise cars using excessive quantities of petrol.

In a startling move last night, the Senate took its tax cut Bill of nearly \$30bn for 1979 a big jump further, by approving cuts in income tax totalling a colossal \$14.2bn for 1980-82, if the Government can at the same time meet stringent targets for holding down public spending.

It is highly unlikely that this will stand up when the difference between the Senate and House versions of the tax Act. Instead, he says the community groups themselves will have to bring actions. He says that any judgment on whether or not an institution is meeting a community's credit needs will have a subjective element. Therefore much depends on how the agencies apply the Act and regulations.

He believes that the Act could prove to be a landmark, since it would require regulatory approvals for opening new branches and merger moves have tended to focus on meeting the convenience and needs of the community in which the bank was opening a branch. Now, regulators are required to look at the institution's record in communities where the bank is already operating.

Under the regulations, supervisory agencies will look at an institution's marketing programmes, participation in local community development projects and evidence of lending to discourage certain types of applications, when assessing whether or not to grant approvals.

The financial institutions covered by the law—their banks and about half the nation's savings and loan associations—have been critical of many aspects of the law. They are concerned that they may find themselves under pressure to make unsound commercial decisions.

## United's Tokyo flights approved

BY JOHN WYLES

NEW YORK, Oct. 10.

U.S. carrier, has received final approval from President Carter to launch its first overseas services.

Japanese Government authority is now beginning operations between Seattle and Tokyo and between Portland and Tokyo and Osaka. United Airlines first filed applications to start these services 13 years ago, but it has taken the steady growth in traffic between the U.S. West Coast and Japan as well as the proliferation of cheap air fares to encourage the approval of the U.S. authorities.

United has undertaken to offer discount fares on the proposed daily non-stop Boeing 747 service between Seattle and Tokyo and on the three return trips a week from Portland which will be operated by Douglas DC8s. The only other U.S. carrier operating on these routes is Northwest Airlines.

United's lack of an overseas route structure is due mainly to the policies of Mr. William Patterson, who was the airline's president between 1954 and 1963. He focused all development almost exclusively on domestic operations and since his retirement the airline's services have not spread further than Canada and Mexico.

The present management sees considerable potential for certain overseas routes and has applied to the Civil Aeronautics Board for permission to operate to Hong Kong, Peking and Shanghai. The inauguration of these services may yet be several years off.

These services may yet be several years off. The CAB would need to be accompanied by successful bilateral negotiations between Governments.

Although critical of results of the Canada-U.S. free trade agreement which came into effect in 1985, the report said that the domestic industry should be reviewed within the framework of the treaty.

The pact was originally established with the goal of the Canadian side, of balancing Canadian production against consumption in the industry. But 13 years after the agreement Canada has run up a cumulative deficit of C\$7.5bn with the U.S. and deficits of more than C\$1bn in each of the last four years.

In addition, the Canadian share of employment was less than half of what should be expected and new plant investment was also less than half the necessary amount.

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A major stumbling block for Pakistan in the acquisition of new aircraft is the determination to acquire a nuclear reprocessing plant. But with France now withdrawing from the deal as a result of American opposition, a war may be opened. It depends whether Pakistan's true security is a Hindu State still anxious to match Indian nuclear technology.

## Advisers urge reform of Canadian car industry

BY VICTOR MACKIE

OTTAWA, Oct. 10.

THE CAR industry in Canada has no viable future unless there are major changes in its organization and the nature of its operations, according to an advisory body to the Government.

Mr. J. A. Sheppard, the council's vice-chairman, said the domestic car industry would require new investment of C\$2bn to remain competitive over the next two years.

The Council's report prepared for presentation to Mr. Simon Reisman, a former Deputy Minister and now a special consultant to the Government, said the car industry, said a solution would be to convert existing assembly plants into fully integrated and self-sufficient operations.

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## OVERSEAS NEWS

### Arab ministers to hold emergency discussions on Lebanon fighting

BY IHSAN HAJAZI

BEIRUT, Oct. 10.

THE FOREIGN Ministers of the Arab states participating in the Arab peace-keeping force in Lebanon will hold an emergency meeting in Beirut next Sunday.

This was announced today by the Lebanese President, Mr. Elias Sarkis, at the end of his talks in Saudi Arabia with Crown Prince Fahd and the Foreign Minister Prince Saud al-Faisal. Mr. Sarkis then flew to the United Arab Emirates for talks with Sheikh Zaid Ben Sultan, the President. He has launched a tour of a number of Arab states in discussion of the Lebanon situation after three days of inconclusive talks in Damascus with President Hafiz Assad. He is expected to stop in the Syrian capital on his way back to Beirut for further negotiations with Syrian leaders.

It was reported today that no agreement was reached at the Damascus meetings after Mr. Sarkis reportedly insisted that Syrian troops, forming the bulk of the Arab peace-keeping force,

must leave the Christian areas of East Beirut and turn their positions over to units of the Lebanese army. These areas were the scene of last week's heavy fighting.

According to the daily As Safr, which is usually well informed on Syrian affairs, the only agreement reached in Damascus was on the ceasefire reached on Saturday which ended eight days of fierce and savage artillery exchanges between Syrian troops and the Maronite militias.

Occasional sniping and shelling last night and today, especially at the north-eastern approaches of the capital, have demonstrated that the truce is very brittle. Since the ceasefire went into effect, at least seven people were reported to have been killed.

Altogether about 800 people lost their lives during a week of fighting, while as many as 3,000 were injured. Damage to property has been estimated at well over \$400m.

According to As Safr, Syrian officials warned Mr. Sarkis that Syrian military withdrawal from Lebanon will not end the Syrian role here. Damascus, he was told, remains committed to protecting the Palestinian guerrillas and its political allies in Lebanon.

David Lenson writes from Tel Aviv that Israel expects that Syria is planning to resume its battles with the Christian forces in Beirut, despite the ceasefire arranged a few days ago.

Mr. Ashraf Marwan, Egyptian head of the Arab Organisation for Industrialisation (AOI) and once President Sadat's confidant, has been sacked because of the alleged dubious practices, according to a scathing attack on Mr. Marwan, reported in the Egyptian Press, the paper said that he had turned the AOI "into a state within a state".

He has now been transferred to the Foreign Ministry and Mr. Ashraf Marwan is not expected that he will be given important work to do.

Meanwhile, Israel's security forces have arrested over 1,000 Palestinians on the occupied West Bank and Gaza Strip in the past six months as the pace of the guerrilla activities against Israeli targets has escalated this year. More than 60 guerrilla cells have been uncovered, most of them belonging to El Fatah, with some linked to the Popular Front for the Liberation of Palestine.

Our Foreign Staff adds: Mr. Ashraf Marwan, Egyptian head of the Arab Organisation for Industrialisation (AOI) and once President Sadat's confidant, has been sacked because of the alleged dubious practices, according to a scathing attack on Mr. Marwan, reported in the Egyptian Press, the paper said that he had turned the AOI "into a state within a state".

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## Zambia, S. Africa rail accord

JOHANNESBURG, Oct. 10.

ZAMBIA AND South Africa have reached agreement on plans to build a rail link between the two countries, through Rhodesia, it was announced here today.

South Africa will act as Zambia's agent for the Rhodesian transit journey, with trains using Rhodesia's Great Belt Reindeer link with South Africa, according to Mr. Kobus Louber, the general manager of South African Railways.

The agreement was reached after two days of talks here between Zambian and South African officials, following President Kenneth Kaunda's decision last Friday to re-use his country's rail link through Rhodesia. His move was a result of the serious congestion on Zambia's alternative transport routes through Tanzania and Mozambique—and the danger that most of the country's fertilizer supply might be held up beyond the start of the new planting season.

Mr. Louber said today that fertilizer would be transported by rail to Zambia and then carried in the South African trucks on the return journey. Most of the fertilizer is on the docks in the Mozambique capital, Maputo, but otherwise the South African port of East London will be used as the principal transhipment point, carrying 13,000 tonnes of fertilizer destined for Zambia arrived there yesterday, having been diverted from Maputo.

Initially one train a day will travel north, and another south on the return journey, Mr. Louber and East London. The agreement is within the framework of the Sino-British Trade Council and tomorrow a visit to the British Council, Mr. David Owen, the Foreign Secretary, this morning, and call on the Prime Minister this afternoon.

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## Vorster assumes office

BY JOHN STEWART

CAPE TOWN, Oct. 10.

SOUTH AFRICA'S fourth state president, Dr. John Vorster, took the oath of office in Pretoria's Church Square today.

Addressing a crowd of more than 10,000 he urged the millions of the world to accept the Nations Security Council, but the new South African Government and its newly-elected Prime Minister, Mr. P. W. Botha, he said, had offered his kindness and friendship in all sincerity to the world. "I say to the millions of the world—the choice is yours."

"We do not want to fight anybody. Our record shows clearly that we have searched for peace and goodwill to nations—even to some that went out of their way to harm us."

Justice M. T. Steyn, the Administrator General of South Africa, said today that if elected Namibian representatives emerging from the December elections decided not to continue negotiations with the Western powers or with the United Nations Security Council, he proposed to press for independence "then we will be forced to implement their constitution and bring independence to the territory."

In a speech which cannot be regarded as helpful on the eve of a proposed visit to South Africa by the Foreign Ministers of the five western nations of the Security Council, Mr. Steyn said South Africa was determined at all costs to go ahead with its elections for a constituent assembly "despite threats of sanctions from the international community."

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# Would your bank manager buy you a new Rolls-Royce?

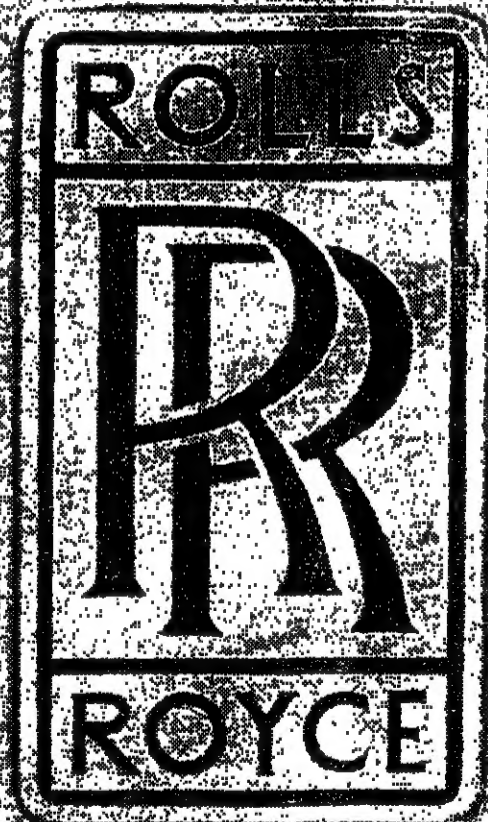
If you run a company, you will know that your needs aren't always obvious or straightforward. In fact, business necessities can seem unusual to outsiders. For instance, you could need a company plane. Or a Rolls-Royce.

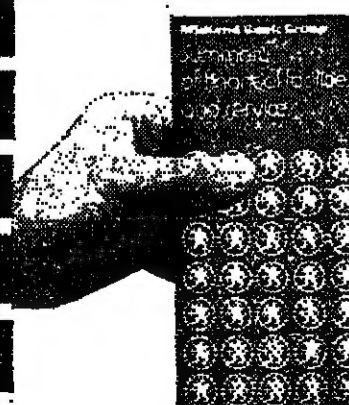
You probably wouldn't expect even your bank manager to be very sympathetic if you asked for finance for something as uncommon as that.

But, if he's a Midland Bank manager, you should begin to expect the unexpected.

Provided there's a sound business purpose, your Midland manager may well be prepared to help.

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Midland Bank Limited



## WORLD TRADE NEWS

## Algeria and Sweden sign \$2.25bn LNG agreement

BY WILLIAM DUFFLOR

STOCKHOLM, Oct. 10.

ALGERIA WILL supply Sweden with 1.7bn cubic metres liquid natural gas (LNG) a year for 20 years from 1985 under a provisional \$2.25bn (\$2.25bn) agreement signed in Algiers yesterday. The contract between the Algerian state-owned company, Sonatrach and Sweden's state-owned company, Svenska Petroleum, which is half state-owned and has to be ratified by the two Governments before July 1 next year.

Sweden already has a similar agreement with the West German Ruhrgas company for the import of 1.2bn cubic metres LNG a year from 1985. Sweden's state oil and gas company, the privately-owned Danubius, is planning to build a pipeline from Emden to the Danish border to link with the gas trunk line, which the Danes are planning and which could carry the German gas via Copenhagen to Malmö in southern Sweden.

It is estimated that, if both these projects are realised, LNG imports could meet about 4 per cent of Sweden's energy require-

ment in the late 1980s. The gas would be used in southern and western Sweden.

Both projects, however, hinge on a decision by the Swedish Government and Parliament to go ahead with the construction of a gas distribution network. The collapse of the non-socialist coalition government last week was due precisely to differences over energy policy—in this case the role of nuclear power—and it is not certain that a new project.

The plan to import gas from West Germany also depends on the negotiations between Denmark's state oil and gas company and the privately-owned Danubius, which is planning to build a pipeline from Emden to the Danish border to link with the gas trunk line, which the Danes are planning and which could carry the German gas via Copenhagen to Malmö in southern Sweden.

The contract signed yesterday in Algiers would give Swedish shipping companies preference in carrying the LNG. It would be landed either at Wilhelmshaven

in West Germany for further transport through the Danish trunk line or at a new terminal to be built at Brofjorden on Sweden's west coast.

Mr. Nils Salander, managing director of Petroswede, the oil company half owned by the Swedish state, fired a broadside at Swedish oil policy when announcing his resignation yesterday. Competition for foreign concessions and public funds from the wholly state-owned Swedish Petroleum Company, which owns half of Petroswede, had led to an "absurd situation."

Both Petroswede and Swedish Petroleum have bid for parts of new concessions in the Norwegian North Sea but it is understood that neither is likely to be awarded any part concession. Norway has promised Volvo Petroleum, a newly formed company, a share in new offshore blocks under the agreement provisions for the Norwegian state and private investors to take a 40 per cent holding in the Swedish motor company.

## Go-ahead for Massey Ferguson factory in Sudan

BY OUR OWN CORRESPONDENT KHARTOUM, October 10.

MASSEY FERGUSON is to set up a joint venture tractor manufacturing and assembly plant in Sudan. Agreements were signed yesterday in Khartoum establishing the Sudanese Agricultural Machinery Manufacturing Company. The company's \$100m plant, scheduled to be operational in 1981, will turn out 4,000 tractors a year. The new 75 hp MF 355, an improved version of the MF 185 which is already used widely in Sudan. The factory will also produce 4,000 assorted agricultural implements yearly and 400 dual purpose combine harvesters a year for bagging and bulk moving. Over the past five years Sudan has imported an average of 1,300 tractors a year, of which 800 have been Massey Fergusons. The 4,000 a year capacity of the new factory allows for increasing mechanisation but also means that export is a possibility. Massey Ferguson executives have been paying monthly visits to Sudan for the past three years in connection with the joint venture proposal, which was

formally submitted in May 1976. The deal was almost finalised in August last year when an MF delegation arrived in Khartoum complete with a statue to be presented at the signing ceremony. But a last-minute hitch arose when Massey Ferguson and the Sudan Development Corporation could not reach agreement on a liability clause.

The deadlock continued until last February, when Massey Ferguson's executive vice-president, Mr. Hugo Vajk, visited Khartoum. Negotiations were then described to be in their final stages, but Mr. Vajk left Khartoum with the contract still unsigned. The final go-ahead came this week at 24 hours notice, taking Massey Ferguson executives in Khartoum by surprise. During the delay, the cost of the proposed factory has escalated from \$85m in the original proposal to \$100m. Massey Ferguson (Canada) hold 25 per cent of the shares in the new company, the State-owned Sudan Development Corporation and the Sudan Government 51 per cent.

## Iraqi contract boosts Brazil's Mideast hopes

BY DIANA SMITH AND PATRICK COCKBURN

THE CONCERTED effort of iron ore to the major new steel Brazilian contractors, with the full backing and active help of the Trade Promotion Department of the Brazilian Foreign Ministry, to sell their services to the developing world has begun to bear fruit.

The \$1.2bn contract to build a 550-km stretch of railway in Iraq won by the major Brazilian contractors, Mendes Junior, is the largest services export contract ever won by a Brazilian company. And Mendes Junior's success has given hopes to other Brazilian concerns of major contracts in other Middle Eastern countries.

The contract for the railway, which will link Baghdad with Huzaybah on the Syrian border, was won against stiff competition from Wimpey, Ennergoprojekt of Yugoslavia and Rail India Technical and Economic Services (RITES). Mendes Junior was assisted in winning the contract by the close involvement of Braspetro, a subsidiary of state owned oil company Petrobras, in the Iraqi oil industry. Petrobras has had a service contract with the Iraqi National Oil Company (INOC) since 1973 and discovered the 350,000 barrels of oil a day Majnoon field close to the Iranian border in 1976. There are reports of an even larger find in September last year.

Brazil is the third largest consumer of Iraqi oil and this will have helped Mendes Junior to win the contract. The government in Baghdad has indicated that it will favour purchasers of its crude in awarding major contracts. Brazil is also supplying iron ore to the major new steel mill at Khor al-Zubair which has just opened in the south of Iraq and an agreement is believed to have been signed earlier in the year for the supply of 200 armoured cars and personnel carriers to the Iraqi army. Meanwhile, O. Globo, the leading Rio newspaper has revealed that a Brazilian consortium of builders, engineering companies and heavy equipment suppliers have entered an advanced stage of negotiations with Iran's Khouzestan Water and Power Authority for a turnkey contract which would cover design, building and supplies for the second stage of the Reza Shah Kabir hydroelectric scheme on the Karun River in Southern Iran.

The consortium (BRIC—Brazilian Iron and Steel Consortium) is competing against a German consortium led by Siemens and a French consortium led by Compagnon-Bernard (which built the spillway for the first stage of the scheme).

This is powerful competition but, since the coordination of BRIC's equipment supplies is to be handled by Brown-Boveri's Brazilian branch, with Voith's Brazilian subsidiary as one of the subcontractors (turbines), and since BRIC has presented a proposal that is simpler, cheaper and faster to build than original specifications indicated, local hopes are high.

Stage two of the Shah Kabir dam would be a reserve to be brought into emergency use if Iran's ambitious nuclear energy programme is cut back, as now seems likely.

## Dutch step up Paris air talks

By Charles Batchelor

AMSTERDAM, Oct. 10.

THE DUTCH Government is to hold top-level talks with French authorities on cooperation between the two countries' aircraft industries. Holland has not yet decided on a replacement for its ageing fleet of Neptune reconnaissance aircraft and it is seeking better compensation terms if it is to order the French Breguet Atlantique, Prime Minister Mr. Dries van Aft said after a Cabinet meeting.

The Dutch not only want the French to order 12 F-27s for use as trainers by the French navy, they also hope France will share in the development costs of the F-29 jet. A Parliamentary delegation returned from France earlier this month without any firm guarantees from the French on this.

Economics Minister, Mr. Gijs van Aardenne and State Secretary at the Defence Ministry, Dr. W. van Eekelen will head the Dutch team.

A decision on whether to choose the Breguet Atlantique, which cost Fl 64m, or the Lockheed Orion, which costs only Fl 40-45m must be taken before the end of the year.

## Renault opens Austrian plant

By Paul Lendvai

VIENNA, Oct. 9.

PRODUCTION STARTS up this week at Renault's Austrian subsidiary, Renault Industrie, based at Gleisdorf in the province of Styria. Involving an investment of Sch. 45m, the plant will produce aluminium castings for the French parent company. Production starts in November and will reach 65 by 1980. The turnover is expected to reach Sch. 95m (\$34m).

Renault has a 51 per cent majority interest while OELAG, the holding company for Austrian nationalised industries has a holding of 26 per cent. Creditanstalt Bankverein, the leading Austrian bank and the French bank Societal each have a 11.5 per cent interest in the Sch. 25m capital.

The project was made possible by subsidies granted by the provincial government, which was keenly interested to save the plant of a former by-product manufacturer. It provided a Sch. 15m credit for 15 years at "special conditions" while a further Sch. 30m originated from the ERP funds (Marshall Plan counterpart).

## Hong Kong exports bloom

BY RON RICHARDSON IN HONG KONG

HONG KONG'S export trade, on which the health of the whole economy is ultimately based, is beginning to bloom again. After a very slow start to the year, orders built up strongly, so that by two-thirds of 1978, complete domestic exports reached HK\$25bn, 11.2 per cent ahead of the level at the same time last year.

The August figures announced last week were themselves notable. For the first time, monthly shipments of Hong Kong-made products topped HK\$1bn by HK\$1.02bn. This surge reflected the normal seasonal trend, as goods destined for Christmas sale in Europe and the U.S. left the factories. However, it was still healthy 21 per cent above the level of August, 1977.

Added to these local products were HK\$1.19bn of goods originating elsewhere being re-exported during August to their final destinations. About a quarter came from China, with Japan not far behind. In fact, the growth of this re-export trade, which has revived Hong Kong's historical role as an entrepot centre, is the most notable change in the pattern of the colony's trade this year.

Financial Secretary Philip Haddad-Cave suggested recently that Hong Kong's efficient financial services, combined with its huge freight-handling capacity, were being used increasingly by the countries of East Asia to aid their own rapid export growth. This is a reversal of the past entreaty role which saw products from developed countries passing across the Hong Kong docks on their way to Asian buyers.

In part, the re-export surge reflects Peking's sales drive in world markets as it seeks foreign exchange to finance its ambitious technology-buying spree. In the first half of the year re-exports of Chinese products—mainly

clothing, cotton fabrics, and unprocessed vegetables items—were up 24 per cent on their year-ago level, compared with an overall re-export growth of 29 per cent. Japan's trade blitz also shows up prominently in the re-export figures, with total shipments in the first half up 48 per cent to HK\$1.02bn. Nearly one-third of this was accounted for by watches and clocks, while Indonesia, followed by Singapore, was the main destinations of the goods.

## Diamonds

One other aspect of the re-export growth was a very sharp rise (74 per cent) in the movement of diamonds. Of HK\$607m of diamonds, HK\$193m came from Belgium and Luxembourg and HK\$144m from the U.S. At the same time another HK\$151m of the stones went through Hong Kong on their way to the U.S. and HK\$205m to Japan.

If the re-export trade continues at its current buoyant level and domestic exports maintain their recent momentum, Hong Kong's total merchandise sales for 1978 should be well over HK\$50bn. However, Haddad-Cave for one is doubtful whether this level will be reached. The dampener is the various textile quota ceilings which came into effect in the colony's main markets at the beginning of the year. Clothing and textile shipments in the first two months of the year were depressed by the uncertainty of European buyers in the closing months of 1977 as the last stages of the renegotiation of the Multi-Fibre Arrangement (MFA) were thrashed out. Once the trading framework

was settled orders picked up. But, as the end of the year approached, the MFA—or rather the bilateral pacts which have been negotiated under its umbrella—are beginning to be felt again as quota ceilings in various categories are approached. The situation varies from country to country within the EEC, with Britain remaining about the strongest market.

In Hong Kong's other big clothing and textile market, the U.S., the situation is less encouraging and less bright. Because of strong sales earlier in the year, some categories of goods have probably reached their quota ceilings already.

Given this situation, the exports for the full year, which reach about HK\$49.75bn, according to Haddad-Cave, who insists that the situation is strongly, should top HK\$50bn. The resulting trade gap, approaching HK\$6.5bn, would be historically large, although within the capacity of the colony to absorb.

Hong Kong always runs a trade deficit in view of its territory's dependence on imports for its most basic commodities, including even water. This is offset by invisible earnings from the rapidly growing financial sector, from shipping, tourism, and from foreign exchange. The deficit is expected to reach HK\$4.5bn in foreign exchange. Problems could arise next year, however. The level of imports should remain high, buoyed by various domestic demands. Exports face a less certain outlook. The spread of discriminatory protectionist barriers, reinforced by the limited growth allowed in textile exports, pointing to a slowing in export growth and even larger trade deficit.

## UK sales in Japan buoyant

BY DANNY MCGRORY

BRITAIN is maintaining its share of the Japanese market while the rest of its industrialised competitors have suffered a sharp decline in their trading fortunes.

Figures released yesterday by the British Overseas Trade Board show that although Britain's share of the Japanese market is still only 1.4 per cent—against the United States 17.5 per cent and West Germany's 2.1 per cent—exports last year rose to a record \$488m, compared with \$360m in 1976. However, Britain's visible trade deficit with Japan was still \$296m last year.

Mr. John Field, the BOB's director, said: "I am not going to pretend we have done brilliantly but our sales effort has been worthwhile. Mr. Field said that the problem remains that

scope than ever for British while Japanese exports heavily concentrated on a range of mass products, such as cars, which cover a wide field and help the collective efforts of a number of companies.

The area where the BOB believes the greatest potential lies is the export of scientific and medical instruments, which has grown by 400 per cent in the past four years. Britain's biggest earners are chemicals and pharmaceuticals with \$78m sales last year, followed by foodstuffs (\$28m), agricultural machinery (\$22m) and motor vehicles (\$20m).

Mr. Field was launching new BOB publication, "Go to Japan", which shows a number of companies (including Pilkington, Jaeger, De Luxe and Twinnings) have won substantial orders in the Japanese market.

## Coal conversion project

CANBERRA, Oct. 10.

THE AUSTRALIAN Government and the West German research and technology ministry have signed an agreement for a joint feasibility study on the conversion of Australian coal into liquid fuel.

National Development Minister Kevin Newman said the study will be based on a plant using the combined hydrogenation, gasification and Fischer-Tropsch technologies, with a production capacity of 2.9m tonnes a year of liquid fuel.

The German ministry will

appoint Imbuschemie GmbH as general contractor for the study, who will also act as co-ordinator.

Newman said the study will cost about A\$3.8m, with half financed by the German ministry and the other half equally by the Australian, New South Wales, Victorian and Queensland governments.

The study will be required to report on the feasibility of establishing a commercial plant at a nominated priority site in each of the states.

Reuter

## E. German steel mill orders

DUISBURG, Oct. 10.

AEG-TELEFUNKEN and the Schloemann-Siemag unit of GHH have won over 25 per cent of a DM500m East German heavy plate mill order, a Siemens spokesman said.

The order is from the East German foreign trade organisation, Industriewarenimport, and the project leader is Vöest Alpine of Austria. Schloemann-Siemag will supply the rolling mills and finishing line equipment, while AEG-Telefunken will deliver electrical units, the spokesman added.

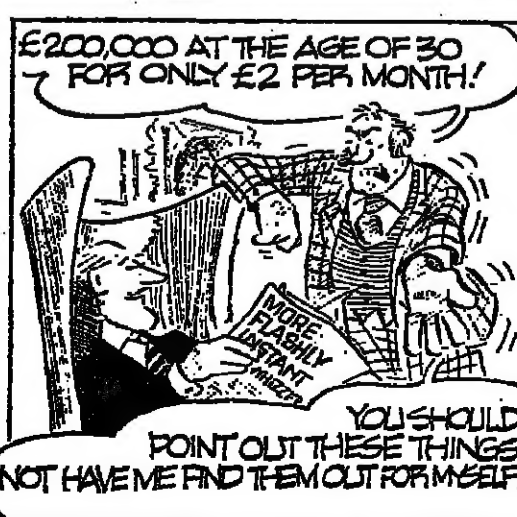
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# State may use 'forceful measures' to save energy

BY SUE CAMERON

A WARNING of "forceful" energy intervention if industry and commerce failed to take adequate energy-saving measures was given to a national energy management conference in Birmingham yesterday by Mr. Richard Morris, deputy chairman of the National Enterprise Board.

Mr. Morris said that there were still too many businesses which had done little or nothing about saving energy and thereby saving money for their companies. Voluntary action on energy saving had been successful "up to a point," but far more would have to be done to achieve "even modest results."

"None of us likes or wants more Government interference in how we run business," failure to achieve targets such as a 10 per cent saving on the nation's

energy bill will mean that we have failed, as the executive directors and senior managers of our nation's businesses, to take note and act on the sound advice that is being given to us.

"The reaction to such failure must surely, in time, lead to more forceful measures by Government, a course none of us wants."

The conference, organised by the Department of Energy and attended by 500 energy managers, heard Sir David Steel, chairman of British Petroleum, forecast that the UK would need to start importing oil again by the early 1990s.

"Britain will soon cease to be an oil-importing nation with the benefit of North Sea oil production," Sir David said. "But it would be quite mistaken to see our oil self-sufficiency in the

## UK 'needs plan for oil from coal'

Financial Times Reporter

THE UK should launch its own programme for obtaining oil from coal so that it can develop home expertise, says a National Coal Board report today.

The report, giving reasons for doing this, says that expertise from abroad would not be best adapted to British coals, environmental conditions or market structure.

Outside skills would give the country little security. It would have to rely on others for a vitally important technology.

An independent programme would make it possible to benefit from research overseas.

It is estimated that 20-tonne-a-day coal input liquefaction plants, with three- or four-year operational programmes, would cost about £15m each if set up now.

The coal industry tripartite working party has recommended to the Government that such plants be based on laboratory-scale processes proved at the Coal Board's research establishment.

The report says that commercial coal liquefaction plants could not be brought into operation before the end of the century, even under the most favourable conditions. Ordering of plant on any scale might not be possible before the next century.

## Eric Morley 'heaped with job offers'

BY ARTHUR SANDLES

THE FORMAL SEAL on Mr. Eric Morley's departure from his forthcoming departure from Morley's displacement as head of the Mecca Choir.

According to his wife Julia, Mr. Morley may not long be jobless. "The phone has not stopped ringing," she said. "There have been mountains of letters and telegrams delivered to the house. It has been very encouraging. He will be considering the offers that have come in. Five of them have been quite staggering."

Mr. Morley hinted at increased profits in the future from the Mecca side of Grand Metropolitan. His fellow directors of alternative employment, Mr. Morley seemed eager to shed his image of abrasive philosopher, there were a lot of people in a Boardroom and relaxed about the events of the past few days. "It was a gentle man's agreement," he said of to go.

## Harland set for BR ferry contract

BY LYNTON McLAINE

BRITISH RAIL'S latest contract for a passenger car ferry, worth £14m, is expected to be placed with Harland and Wolff, the Government-owned shipbuilder, later this year.

The shipyard is already building a £12m passenger car ferry for the BR Sealink service between Stranraer and Larne and earlier this year was awarded a £28m contract to build two similar ferries for the short-sea BR routes from Dover.

The announcement of the latest BR ferry came from Mr. William Rodgers, Transport Secretary, yesterday when he gave BR the go-ahead to invest a total of £16m in a new ship for the Fishguard to Rosslare Sealink service and in improving the Fishguard terminal to meet the rapid rise in traffic on the route.

By the end of August as many cars were carried through Fishguard as in the whole of 1977 and new ferry capacity will be urgently needed by the autumn of 1980 when the new ship is expected to enter service.

Talks have taken place between British Rail and Harland and Wolff and other yards, but BR has not called for tenders for the latest ferry. The new ship would have many features common to the other ferries Harland and Wolff is now building for BR and the yard is the favourite to win the new contract.

The latest ferry will carry up to 1,000 passengers, and 500 cars or 60 lorries.

## News analysis — Bank's domestic side will have own Board

# Lloyds creates new company

BY MICHAEL BLANDEN

THE DECISION by Lloyds Bank to set up a new management company to run its UK clearing bank business reflects the developments within the group over the past few years.

It follows the rapid expansion of the international activities, which has substantially altered the balance of the group's business.

Lloyds explained yesterday that the main Board has carried dual responsibility for overall supervision of group activities and for running the domestic banking business. After the reorganisation, the domestic side will have its own separate company and Board within the group structure. This puts it on a parallel with the other main subsidiaries—Lloyds Bank International, Lloyds Bank California and National Bank of New Zealand.

The change, similar to the restructuring carried out by Barclays seven years ago, will create a management system with some superficial resemblances to the two-tier Board arrangements in West Germany. Historically, the Boards of the clearing banks have fulfilled supervisory and overall planning function. They have been

made up, normally, of a full-time chairman, a small number of other executive directors, and a large group of outside directors—captains of industry and commerce who can provide the bank with independent advice.

Day-to-day running of the bank has been left to the career bankers, normally reporting to a small executive committee including full-time directors. It is only in recent years that the banks have put their senior banking executives on to their main Boards.

**Slimmed**

Lloyds' last annual report listed more than 30 directors including the chairman, Sir Jeremy Morse, and among the full-time bankers the group chief executive, his deputy and the chief general manager of the UK bank. After the change, the group Board—possibly in a somewhat slimmed-down form—will deal with general group issues such as the capital adequacy of the bank, its international lending exposure and its overall direction and development. The assets and liabilities of Lloyds Bank will also remain with the main company.

Beneath that level, the UK

## Chinese steel plant contract for Britain

Financial Times Reporter

THE BRITISH Steel Corporation and Davy International have signed a contract with the Chinese Government to carry out an engineering study to modernise and develop the Shouxi steel plant in Peking.

The order follows a recent visit to China by a British iron and steel mission which included BSC, Davy and General Electric Company representatives.

The mission visited four steel-works and discussed plans to build a 10m tonnes-a-year plant in the Hopei Province.

Both sides are interested in collaborating on the project.

Mr. Michael Webber, BSC's Head of Export Sales said he had "useful discussions" on increasing substantially the sales of UK steel products in China from the present £20m a year.

## ICI accounts praised as example for companies

BY DAVID FREUD

THE ACCOUNTING method used by Imperial Chemical Industries to allow for the effect of inflation should serve as a guide to all UK companies, Sir Francis Sandilands said yesterday.

Giving the University of London's Stamp Memorial Lecture, he said he hoped the ICI accounts would be used by the Accounting Standards Committee as a starting point for their new exposure draft.

Sir Francis, who chaired the Sandilands Committee on inflation accounting which reported in 1975, said that in retrospect

the timetable set by his committee was too ambitious. He said the committee would have been wise to recommend that for three years or longer if necessary, companies should produce their current cost accounts in supplementary form, retaining the historic figures as their basic accounts during this period. This would have given time for experiment, he said.

In the way ICI developed on the Hyde Guidelines, issued by the Accounting Standards Committee in November, 1977, the company's statement was both comprehensive and logical.

## High prices for Iranian items

Sotheby's continued its Islamic week yesterday with some extraordinary prices in a sale of evidence.

The sale totalled £217,985.

Sotheby's extended its chain of provincial offices yet again yesterday when it announced the acquisition of Beresford Adams, of Chester. It will be known as

At Christie's, the silhouettes, miniatures and objects of vertu sold for £23,720, and Japanese swords and sword fittings for £73,637. The top prices were in the first sale.

Kents, a German dealer, paid £2,800 for a Delhi polychrome ivory chess set. A pair of miniatures of Samuel Gurney and his wife Elizabeth by Thomas Richmond sold for £2,500.

Lead soldiers and models made high prices at Phillips Marlybone totalling £15,100.

A set of five Prussian hussars by Britain's sold to a private collector for £180 (estimate £80), averaging £38 each for figures which cost 2d each when issued after the First World War.

A lot of about 40 Dinky toys estimated at £200 went to a private collector for £400.

## SALEROOM

BY ANTHONY THORNCROFT

Sotheby Beresford Adams, with sales continuing in the Beresford Adams saleroom until new premises in Booth Mansion are completed, some time in 1979.

The property sale of the Chester company will continue to operate independently.



## Which set of figures should interest you most?

The fashionable and stylish Chryselephantine figures on the left are today of great interest to both buyers and sellers of antiques.

The figures on the right are, in their own way, equally attractive. Particularly if you have something to sell at auction.

Turnover through Phillips auction rooms has more than doubled in the past four years

and it's growing all the time. Indicating that more people have been bringing valuable objects to Phillips for valuation and sale.

More customers have been attending Phillips auctions in London, New York, Montreal, Geneva, Amsterdam and their network of regional U.K. auction rooms.

Higher prices have been secured for lots in every sphere from Art Deco to Fine Arts.

Phillips' success has not been achieved solely by spectacular single sales.

It is the product of a tight, well run organisation and a hardworking team who in 1978 will be responsible for handling more than 250,000 lots, through over 900 auctions.

At Phillips, you'll find auctioneers acting like auctioneers. Approachable. Professional. Above all, successful.

For your Art Deco figures, your paintings, porcelain, furniture, stamps, silver, jewellery, or whatever else you have that you feel might be worth selling at auction, be guided by the figures in the columns on the right. Bring it to Phillips.

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	Auctions	Lots
Americana	2	755
Arms & Armour	10	2,180
Art Nouveau	10	2,850
Baxter Prints	5	845
Books	37	18,548
Clocks	13	3,599
Coins & Medals	32	10,800
Collectors Items	14	12,869
Costumes & Lace	5	1,800
Ethnographia	5	1,100
Firemarks	4	800
Furniture	250	77,008
Furs	9	3,070
Jewels	39	17,058
Lead Soldiers	7	2,210
Music	13	1,100
Oriental Ceramics	36	10,224
Pewter	6	270
Pictures & Sculpture	112	22,057
Porcelain	46	12,778
Pot Lids	9	1,080
Prints	15	2,400
Scientific Insts.	7	1,190
Silver	74	21,547
Stamps	39	17,150

ANNUAL TURNOVER £23,865,505



## HOME NEWS

## 'Brain train' idea spreads

By Our Consumer Affairs Correspondent

FIRST-CLASS travellers remain aloof, but second-class passengers have shown enthusiasm for organised study groups on commuter trains.

A report on the first experimental year was published yesterday, coinciding with the launch of the third "brain train" study group on the 07.59 from Swindon to Paddington. This will be the first to take place on British Rail's new High-Speed Train.

On Monday, commuters on this train were able—with British Rail's backing—to hold study sessions in a specially reserved coach, covering such subjects as French, business management, and antiquities. The classes will be held twice a week and are free because the tutors are also commuters.

Two new clubs, the first of several, will be launched in the next week—on the 7.35 from Newbury to Paddington and the 7.15 from Oxford to Paddington. Two clubs have been running successfully for the past year, on the 7.17 from Cambridge to Liverpool Street and the 7.50 from Brighton to Victoria.

The commuter study groups were the brain child of Lord Young and the Mutual Aid Centre he founded in 1977.

The centre helps any group seeking help on a co-operative project, especially in education and housing.

The commuter study club idea was based on the fact that half of the 1m daily commuters on British Rail have a journey of at least one hour. It is estimated that commuters spend more than 5m man-hours a week on trains.

Lord Young and a social anthropologist from the centre, Pamela le Pelley, decided in early 1977 to gauge the support for a new, more constructive use of commuting time through organised study groups.

An initial survey on early morning trains from Cambridge to Liverpool Street found some 60 per cent of respondents keen to participate.

Very few first class passengers showed an interest, but up to a third of second class travellers did. Based on these surveys, Pamela le Pelley enlisted the support of British Rail and organised the commuters into various interest groups. British Rail co-operated by reserving a 64-seat coach with study club signs in the windows.

This first experiment last autumn proved a resounding success. In spite of the inevitable problems of a crowded train.

Encouraged by this, Pamela le Pelley and the centre attempted at the beginning of this year to launch another club on the same line but on an earlier train. This was not a success because the line was too crowded and so British Rail refused to help.

The report, "Go to work on a brain train" is available from the Mutual Aid Centre 13 Victoria Park Square London, E2, price £1.00 including postage.

## Sainsbury supermarket for Norwich

Financial Times Reporter

J. SAINSBURY opened its newest large supermarket yesterday with a 22,500-sq ft store just outside Norwich.

The store has been built to fit in with the traditional Norfolk style of architecture, said to be a feature of the new estate on which it is located.

It has 320 parking spaces and a sliding station selling out-price petrol.

Other features are an on-store bakery; a loose fruit and vegetable display enabling customers to select their own produce or pre-packed alternatives; a freezer centre; an off-licence; and health-and-beauty aids.

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## Charter airline launched with Japanese backing

By LYNTON MCLEAN

AIR EUROPE, Britain's first new charter holiday airline, since Laker Airways was formed in 1966, was launched yesterday on the back of contracts with Japanese finance companies for £30m worth of Boeing 737 aircraft.

The airline was formed by Mr. Harry Goodman, chairman of the UK package tour company Intasun.

Air Europe's existence will help meet an expected shortfall in charter aircraft capacity next year.

The travel group will fill 45 per cent of the 250,000 Air Europe seats available for return flights next year. It emerged yesterday that another company, Flagarut, owned by Mr. Goodman, was the principal shareholder in the new airline, with 30 per cent of the equity. Mr. Goodman is also chairman of Air Europe.

The remaining 20 per cent is held by Airline Management Associates, owned by Mr. Martin O'Regan, former finance director of Davies and Newnam Holdings, the parent company of Dan-Air Services, and Mr. Errol Cossey, former associate director of Dan-Air.

Mr. Cossey had to negotiate himself out of a one-year period of notice with Dan-Air, but he said yesterday that his parting with that of Mr. O'Regan had been "reasonably amicable."

Mr. O'Regan is Air Europe's chief executive.

Mr. Cossey said that Boeing had been sceptical at first about Mr. Goodman's early requests to buy £30m worth of aircraft. Intasun having made a pre-tax profit of £1.1m in the year ending March 31—with a forecast of £3m for this financial year. But Mr. Goodman persisted and began talks with C-101 and

the Marubeni Corporation of Japan to finance the purchases. Details were finally agreed after DLT, a West German domestic airline, failed to take up options on three 28m Boeing 737 aircraft. The two Japanese companies bought the aircraft and Air Europe will operate them under two separate financial arrangements.

The first two aircraft, to be delivered in March and May, will be offered under a hire purchase agreement. The third 737, for delivery in June next year, will be financed through an aircraft mortgage.

All three aircraft will become the property of Intasun after nine or ten years. Air Europe, through the Japanese finance houses, has options on two more 737s for delivery in the spring of 1980.

The first flights of the 130-seat aircraft under Air Europe livery, will take place in May. Contracts have already been agreed recruiting 200 staff, including 40 pilots and 60 cabin staff.

Holidays, Exchange, Travel, Inghams, Swans, OSL, Pondential and Caravelle.

The airline will fly to 29 holiday destinations in Spain and the Canary Islands, Portugal and Madeira, Italy, Greece, Malta, Gibraltar, Switzerland and Germany.

All flights will leave from Gatwick and, in the first year, the airline expects to turn over £10m. The airline has started recruiting 200 staff, including 40 pilots and 60 cabin staff.

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Mr. Errol Cossey (left) commercial director, and Mr. Martin O'Regan, chief executive of Air Europe, the new charter airline.

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## Shawcross attacks Labour's legal proposals for Press

By JAMES McDONALD

It is lamentable that the trade unions, with their great financial resources, skills and large captive readership have never produced a newspaper which anyone was anxious to read. This

was demonstrated only recently in Scotland, Lord Shawcross, former chairman of the Press Council, said in London last night.

He told the Media Society, at the National Liberal Club, that the Press was no longer the "fourth estate."

Politicians are, as a class, not fond of the Press. Juries are sometimes hostile as they show by their verdicts.

"Legal controls over newspapers exist in other countries. They have been seriously put forward here as part of the official policy of the Labour Party, who propose a system of 'democratic accountability'."

"It is certain that that will not be democratic in the sense in which that word was understood before it became part of the Left wing's 'double-speak' vocabulary."

While striving to increase circulation—as they must in these inflationary days—editors should also strive to maintain high standards of ethics and responsibility "to avoid giving those

who would readily seize upon it any excuse for legislative interference with the Press."

Lord Shawcross said: "The standard of accuracy in reporting of news is high and here, certainly, Press Council decisions republishing inaccurate reporting have had influence."

Bias in reporting or commenting on political matters was also much less than it was.

This was due partly to the Press Council, which has said that while criticism was permissible in comment, correctness was essential in reporting.

"It was also partly the result of fewer newspaper proprietors being concerned with securing personal political power."

However, there were four fields where he was not sure there had been an improvement: "sensationalism, violence, sex and trivia."

The rapidly-growing integration of General Motors' European subsidiaries, Vauxhall in the UK and Opel in West Germany, is demonstrated today with the launch of two new cars. Both bear the Vauxhall badge.

The new cars—the Carlton, which replaces the VX range, and the Royale, which takes Vauxhall into the executive car market for the first time—rely heavily on Opel.

The Royale, described by Vauxhall as the "flagship" of its fleet, will be assembled in West Germany. In doing this GM is following Ford which brings in its flagship model, the Granada, from West Germany.

The policy of using Opel in Germany as design and engineering centre of its European cars, has therefore been pushed further than before.

It has caused some despondency at Vauxhall's Luton headquarters and the gloom has not been noticeably relieved by GM's use of the UK as its truck design centre for Europe.

The Carlton, which mechanically is the Opel Rekord, will be assembled at Luton. Vauxhall says £3.5m has been invested to bring the model on stream.

This shows the large financial benefits of GM's Europeanisation policy. It would have cost Vauxhall well over £100m to bring a new car of its own to the market.

The front of the Carlton has the "droop snout" design trend which began with the Chevette and was followed by the Cavalier. The other body panels are identical to that of the Rekord.

Only the "mini" end of the market is not covered by GM in Europe but the industry expects a new small car from Opel before long.

Mr. Savage believes the new up-market cars will push Vauxhall's share of total car registra-

Prices of the Carlton will be

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## Potential danger sites registered

By Michael Cassell, Building Correspondent

THE first register of buildings which could pose a danger to workers during alterations or demolition is being compiled by the Corporation of the City of London.



هنا من أجل

# There are a few for whom only the best will suffice.

There are some extremely fine examples of luxury cars for those who demand great comfort and style. The BMW 7 Series is very much in this class of car, but with one important and fundamental difference. It has been developed to have the most refined quality, style and power with commensurate performance and handling. The extent of the 7 Series' poise and balance has never before been available amongst the world's great luxury saloons.

For those whose discernment demands more than that which has been traditionally regarded as the best, the BMW offers a unique and exceptional choice.

## Performance glossary (Manual figures only. Source BMW.)

728: 2.8 litres, 170 bhp, 0-60 in 10 secs, max 120 mph.

730: 3.0 litres, 184 bhp, 0-60 in 9.4 secs, max 125 mph.

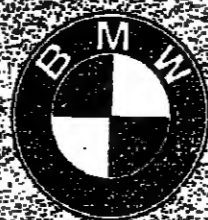
733i: 3.3 litres, 197 bhp, 0-60 in 8.9 secs, max 128 mph.

Prices: 728: £9,849. 730: £11,649. 733i: £12,699.

Prices correct at time of going to press.

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# CONSERVATIVES AT BRIGHTON

## Prior outlines employment strategy



Conference reports by Ivor Owen, John Hunt, Philip Rawstone and Elinor Goodman. Picture by Freddie Mansfield

THE NEXT Conservative Government will introduce a more flexible pay policy to encourage "realistic and responsible collective bargaining," Mr. James Prior, Opposition employment spokesman, told delegates at the conference's opening session.

"After three years, the time has come for greater flexibility. Certainly, a rigid pay policy, statutory or imposed, is not the answer."

In a low-key debate on employment and industrial relations, the greatest applause went to Mr. Reg Prentice, the Newham North-East MP who resigned from the Labour Cabinet and now sits as a Conservative.

He said the unions would have a better relationship with Mrs. Margaret Thatcher, the Conservative leader, than with the present Labour Government.

The object of the Tory Party, he said, should be to secure a divorce between the Labour Party and the trade unions.

Some rank and file speakers expressed misgivings about the Conservative policy on industrial relations.

Mr. Fred Hardman, of the National Committee of Conservative Trade Unionists, complained that some Tory leaders on the platform still seemed to favour government intervention in industry. He reminded them that there were not many interventionists amongst the constituency representatives in the hall.

By an overwhelming majority, the conference approved a resolution condemning the present Government's handling of unemployment and calling on the next Conservative Government to implement a policy to find urgent and effective solutions.

Opposing the motion Mr. Richard Vamberger of the Neath constituency party wanted to know exactly what Mr. Prior's policy would be on industrial relations.

Was he merely going to have a "cosy relationship" with the unions or would he introduce radical Conservative policies to reduce unemployment?

Mr. Prior said that the main question facing a Conservative government would be how to get the balance right on pay, jobs and prices. He emphasised that he opposed those who thought that the free market economy was the only remedy.

"I sometimes envy those whose faith is totally in the free market," he declared. "For them, the solutions are easy."

Successive governments had ignored the fact that one man's pay rise was another man's price increase—and possibly also the end of that man's job.

He said he would not out and this had become a self-generating process.

The appeasement of militants had undermined pay bargainers who had tried to maintain the

fabric of industry for the future.

As a result, Britain had been relegated to the top of the league table of European prosperity a close to the bottom.

Britain's "boomlet" was running out of steam and yet the country still had nearly 1.5m unemployed.

The militants had better think hard where their irresponsibility had led them where it could lead if their attitude persisted.

"The aim of the next Conservative government will be to lead Britain away from the damaging cycle of strict pay limits followed by periods of excessive cap-topping, settlements, and a vicious circle has secured industrial relations and held us all back."

Mr. Prior also attacked the "hoary old myth" that only a Labour government could work with the unions. The truth was that the unions worked with both parties and sometimes with neither.

"This smear brought out on every conceivable occasion was supposedly Labour's secret weapon. Well, it has blown up in their faces."

He complained that a whole new bureaucracy had grown up in the past three years to control Government job creation schemes.

"We need to simplify it to make certain that resources go to new expanding industries and new jobs rather than to the preservation of the outdated and decaying."

The success of past Conservative governments has been based on the principle that high public spending killed growth, high taxation killed incentives and too many rules and regulations stifled enterprise.

The next Conservative government would not keep people "in the dark" about what they earned and would tax true profits, not paper gains.

## Asians 'support Tory race policy'

GROWING SUPPORT for Conservative immigration policies in Britain and on the Indian sub-continent was claimed by Mr. Keith Speed, a Conservative spokesman on home affairs.

Reporting on a recent visit to India and Bangladesh, he declared: "I return more convinced than ever that our policies are right, necessary and workable."

But he faced strong criticism from some representatives who called for a firm pledge to repeal the Race Relations Act and for a more definite commitment on the time scale envisaged by the party leadership in implementing its proposals for ending immigration.

A number of hands were raised against a motion rejecting the National Front, but it was carried by a substantial majority.

Mr. Speed stated that, during his visit to India and Bangladesh, the only opposition to Conservative policies which he had encountered and which had any substance came from the vast army of travel agents in Jalandhar in the Punjab and Sylhet in Bangladesh.

He reaffirmed that the next Conservative Government would introduce a non-discriminating register of dependants so that the Government could establish the precise commitment involved.

Steps would also be taken to institute "across-the-board" quotas for immigrants from all countries, except the EEC, into the UK.

"This will give Government control, year by year, which we have never had before," Mr. Speed said.

He also renewed the promise

## Walker's salvage formula

DISILLUSIONED Labour voters will need to be offered more than the cold comforts of free enterprise if they are to be lured into the Tory camp, warned Mr. Peter Walker, the former Cabinet Minister and unrepentant interventionist.

For Mrs. Thatcher's eminently sensible bid for the middle ground politics to be successful, the party would have to demonstrate its concern for freedom of the individual in its widest sense, and not just the freedom of the market economy, he said.

Even the best quotes from Milton Friedman did not win many votes, he said in one of a series of thinly disguised digs at the party's Right-wing.

Mr. Walker is now formally reconciled with Mrs. Thatcher but his speech to a fringe meeting of the Left-wing Tory Reform Group, of which he is patron, he made it clear that he is still far from agreeing with some of his leader's policies and even further from those of her special adviser, Sir Keith Joseph. He repeated his belief that as long as the trade unions continued to outbid each other for higher and higher wages, the Government had a role to play in pay bargaining.

He also reaffirmed his belief that companies would not go far enough towards introducing worker participation unless they were forced to by law. A statute should be introduced offering companies 10 or 12 options on how to involve their workers more closely in Boardroom decisions. They would then be given four years to decide which options to adopt.

## Very little sound, even less fury

THE BEST that even Mr. James Prior, the shadow Employment Secretary, could say about yesterday's employment debate was that it had been quiet and useful.

Quiet, certainly. The multifunctional sound system guaranteed that for those sitting at the back of the hall, useful, possibly, as a very gentle warm-up for what could be a long drawn-out race.

Somehow the speakers never seemed to get their blood up. It was as if they were inhibited from being really heated by the atmosphere of good-neighbourliness created by the church service which began the proceedings.

Not that the representatives seemed to mind too much. For many of them, conference is the annual re-affirmation of their faith and merely being surrounded by like-minded people seems enough to justify the trip to Brighton.

As befits such an evangelical meeting, the warmest ovation yesterday was for the newest convert, Mr. Reg Prentice, the member for Newham North East who is now doing the rounds of the Tory selection committees.

Though it was not quite clear whether the blazes which appeared to greet him when he went to the rostrum were hostile or merely the long drawn-out sibilants involved in the cry "Give him a seat," Mr. Prentice seemed to have been given all the best lines.

It was he who introduced the subject of the closed shop and called for a divorce of the trade unions from politics.

It was not quite clear whether he was for or against the motion of the floor but then, that was true of most of the speakers and when he left the rostrum a few representatives were seen tentatively climbing to their seats.

Mr. Prentice was not the only convert to the Labour Party at Brighton yesterday. At least one speaker had a go at imitating the Prime Minister's musical turn on the same platform a month ago.

And Mr. Prior directly invoked Mr. Callaghan's presence by appealing to him: "Jim to Jim"

He did not however, savage the Labour Government's policies with the kind of invective which might have been expected after last week's events in Blackpool.

Only a strand of Mr. Prior's own particular brand of moderation would know that he really was using very strong language when he described the Employment Protection Act as "ill-considered, ill-prepared and, in part, objectionable."

The Conservatives did have one potent propaganda weapon in their armoury yesterday. Once again to Tories produced a representative of the Conservative Indian Association who made his average Tory lady's loyalty look positively suspect.

So great was his enthusiasm that he was still extolling the party's virtues long after the red light came on.

## Elections 'clash' warning

LABOUR COULD hold the general election at almost the same time as the European Assembly poll, to cause "confusion" and snatch victory, Lord Thorneycroft, Tory Party chairman, said in his speech to launch the party conference.

"Plainly, we are going to form the next government. Equally plainly, some desperate problems will be then await us. It is important that in our conduct and in the manner of our winning we minimise the bitterness and maximise the unity within the nation."

"We speak and must continue to speak for the whole nation and not just a part of it."

"The referendums in Scotland and Wales apart, there will be local elections of great importance, an election for Europe and the general election as well."

"There is a rumour that the Labour Party regards as its best chance the creation of the maximum confusion. It hopes to hold the European and general elections virtually together."

"They are indeed quite capable of this and almost any other ploy."

Lord Thorneycroft told the conference: "We do not promise Utopia."

"We do seek to create a world in which men and women will be freer than they are today to find their own solutions, in which management and labour can work together, in which production can be raised to levels achieved by our competitors abroad, in which skills can be rewarded."



Mrs. Thatcher, the Tory leader, relaxing in Brighton

## Talking points...

- BY JOHN HUNT.
- THE CONFERENCE bulletin put out daily by the National Young Conservatives contains "spoof" suggestions for speakers in the debates.
- Among their tips:
- Make your personal contribution or the contribution supplied for you by Conservative Central Office.
  - Do not indulge in generalities or specifics. Confine yourself to clichés and homespun philosophy.
  - Those stuck for policy points should look at the conference report of 1967 — "We're probably still saying the same things."
  - It would be helpful if speakers would remove their hats before going to the rostrum.

## London Clearing Banks' balances

as at September 20, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES		Total outstanding		Change on month	
		£m	£m	£m	£m
<b>LIABILITIES</b>					
Sterling deposits:					
U.K. banking sector	5,018		-166		
U.K. private sector	27,435		+391		
U.K. public sector	611		-128		
Overseas residents	2,302		+11		
Certificates of deposit	2,135		-169		
of which: Sight	37,521		+215		
Time (incl. CDs)	15,851		+10		
Foreign currency deposits:	51,671		+206		
U.K. banking sector	4,017		+13		
Other U.K. residents	1,018		-19		
Overseas residents	11,203		+26		
Certificates of deposit	1,050		+28		
Total deposits	17,288		+358		
Other liabilities*	54,810		+470		
	9,254		+75		
<b>TOTAL LIABILITIES</b>	<b>64,093</b>		<b>+545</b>		
<b>ASSETS</b>					
Sterling					
Cash and balances with Bank of England	1,134		-51		
Market loans:					
Discount market	2,190		-130		
U.K. banks	6,505		+100		
Certificates of deposit	1,047		+114		
Local authorities	1,014		-26		
Other	334		-9		
	11,080		+41		

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES		TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GILLYN	
		Outstanding	Change on month	Outstanding	Change on month	Outstanding	Change on month	Outstanding	Change on month	Outstanding	Change on month	Outstanding	Change on month
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>LIABILITIES</b>													
Total deposits													
		54,810	+470	14,791	-98	10,250	+177	11,534	+229	16,512	+191	1,723	-20
<b>ASSETS</b>													
Cash and balances with Bank of England													
		1,134	-51	341	+5	205	+7	245	-29	311	-34	33	-9
Market loans:													
U.K. banks and discount market		12,449	+79	2,947	-25	2,756	+63	2,147	+53	4,250	-33	349	+31
Other		9,842	+140	2,848	+38	2,803	+37	1,376	-55	2,751	+142	265	+21
Bills		1,348	+124	379	+24	134	+21	515	+81	309	+36	20	+26
Special deposits with Bank of England		376	+270	124	+85	40	+36	88	+62	111	+78	13	+9
British Government stocks		2,162	-79	422	-103	435	-	418	-	756	+9	129	+15
Advances		28,762	-379	8,359	-94	4,248	-46	6,772	-52	8,363	-71	991	-16

\* Includes items in suspense and in transit.

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)		TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GILLYN	
		Outstanding	Change on month	Outstanding	Change on month	Outstanding	Change on month	Outstanding	Change on month	Outstanding	Change on month	Outstanding	Change on month
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>LIABILITIES</b>													
Eligible liabilities													
		24,700	-137	7,624	-	3,770	+14	5,910	-177	6,522	+14	873	+12
<b>ASSETS</b>													
Reserve assets													
		3,353	-29	980	+3	514	-1	786	-39	827	+3	118	+5
<b>Ratio (%)</b>													
		13.1	-	12.8	-	13.0	-0.1	13.3	-0.2	12.5	-	13.3	+0.3

## Banking figures

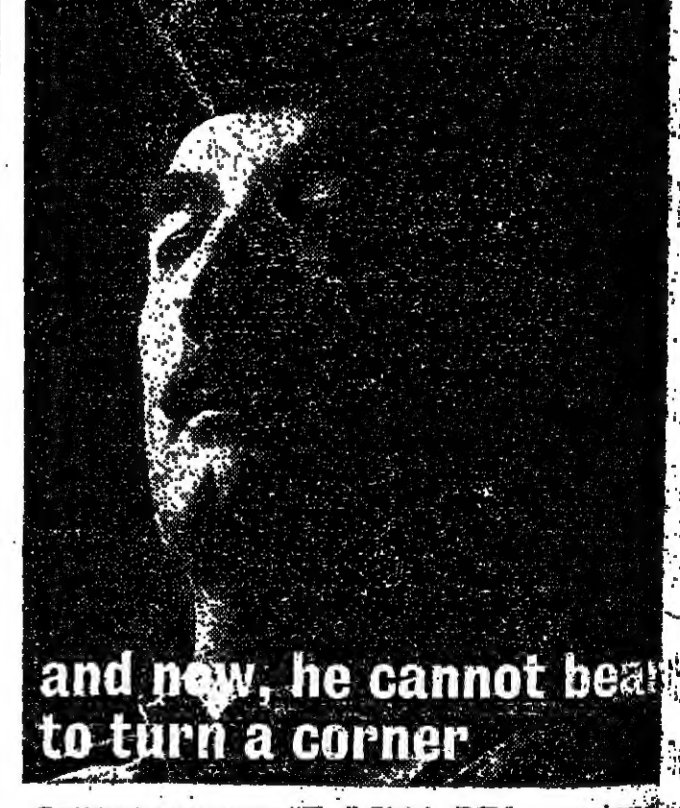
(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks		Sept. 20, 1978	Change on month
		£m	£m
<b>Eligible liabilities</b>			
<b>UK banks</b>			
London clearing banks	24,842	-138	
Scottish clearing banks	2,634	+13	
Northern Ireland banks	885	+17	
Accepting houses	1,904	+52	
Other	6,107	+54	
<b>Overseas banks</b>			
American banks	3,530	+80	
Japanese bank	285	+11	
Other overseas banks	2,722	+8	
Consortium banks	219	+9	
<b>Total eligible liabilities*</b>	<b>43,518</b>	<b>+116</b>	
<b>Reserve assets</b>			
<b>UK banks</b>			
London clearing banks	3,255	-29	
Scottish clearing banks	352	+1	
Northern Ireland banks	124	-	
Accepting houses	278	+12	
Other	819	-14	
<b>Overseas banks</b>			
American banks	511	+6	
Japanese bank	41	+2	
Other overseas banks	404	-25	
Consortium banks	40	-2	
<b>Total reserve assets</b>	<b>5,827</b>	<b>-45</b>	
<b>Constitution of total reserve assets</b>			
Balances with Bank of England	363	-27	
Discount market	2,997	-253	
Tax reserve certificates	222	-12	
Other	944	+314	
<b>UK, Northern Ireland Treasury Bills</b>	<b>944</b>	<b>+314</b>	
<b>Other bills:</b>			
Commercial	133	+38	
British Government stocks with one year or less to final maturity	782	+8	
Other	386	-113	
<b>Total reserve assets</b>	<b>5,827</b>	<b>-45</b>	

Ratios %		Sept. 20, 1978	Change on month
<b>UK banks</b>			
London clearing banks	13.1	-	
Scottish clearing banks	13.3	-	
Northern Ireland banks	14.4	-0.2	
Accepting houses	14.6	+0.2	
Other	13.2	-0.4	
<b>Overseas banks</b>			
American banks	13.3	-0.2	
Japanese banks	14.5	+0.1	
Other overseas banks	14.8	-1.0	
Consortium banks	18.4	-2.4	
<b>Combined ratio</b>	<b>13.4</b>	<b>-0.1</b>	
<b>N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amortised to</b>			
	£m	£m	
	501	+45	
<b>2—Finance houses</b>			
Eligible liabilities	361	+16	
Reserve assets	37.0	+1.9	
<b>Ratio (%)</b>	<b>10.2</b>	<b>-</b>	
<b>Special deposits (at September 20 were £634m (up £403m) for banks and £71m (up £44m) for finance houses. * Interest-bearing eligible liabilities were £28,151m (down £130m).</b>			

## Perhaps the bravest man I ever knew



and now, he cannot bear to turn a corner

SIX-FOOT-FOUR SERGEANT "Tiny" G. G. G. DCM, was perhaps the bravest man his Colonel ever knew.

But now, after seeing service in Aden, after being boozy-trip and ambushed again more recently, Sergeant "Tiny" cannot bear to turn a corner. For fear of what is on the other side.

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We look after these brave men and women. We help them at home, in hospital. We run our own Convalescent Home. For some, we run work in a sheltered industry, so that they can live without shame. For others, there is our Veterans' Home where they can see out the days in peace.

These men and women have given their minds to their Country. It is to help them, we must have funds. Do please help us with a donation and with a legacy too, perhaps. The debt is owed by all of us.

"They've given more than they could—please give as much as you can."

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BY PAULINE CLARK, LABOUR STAFF

## Staff union fails independence test

## Hull dockers expected to reject pay limit

## Dispute threatens six Scottish newspapers

## ACAS appointments

## Work on four ships delayed

WORK WAS halted on four ships in Birkenhead Docks yesterday or the second day because of a strike by 100 clerical workers over night working arrangements. About 300 dockers were sent home as management and men tried to resolve the issue.

**BY OUR LABOUR STAFF**

## NALGO dispute spreads

negotiations to take place this week, supported by the 300 delegates attending the over-ruled their executive on strike action last year.

Firemen's leaders last week expressed concern that there would be nothing concrete to offer to this week's conference in terms of either the 42 hour week or the 100-hour year.

Under last winter's settlement, the firemen will this year receive half of the differential existing

SOCIAL WORKER members of the National and Local Government Officers' Association in Liverpool and the London borough of Lewisham are staging an indefinite strike in support of their claim for local negotiations for grading the union salaried.

In Liverpool, 320 social workers began their strike yesterday and in Lewisham 234 social workers will be on strike

from today, as a result of a ballot in favour of industrial action by the strike operations committee of NALGO yesterday.

These moves bring the total number of social workers on strike to 1,171. Social workers in Newcastle and in Southwark, London, have been on strike since August 14, and in Tower Hamlets, London, since August 21. The action has the backing of NALGO.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466
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**By Arthur Smith,  
Midlands Correspondent**

**WORKERS**, assembling stands for the International Motor Show, which opens in Birmingham on October 20, are threatening a series of unofficial half-day strikes.

The show has traditionally been the prime target for exhibition workers to highlight pay demands. The National Exhibition Centre, staging its first motor show, has so far escaped serious industrial trouble and all shows since the opening in February 1976 have started on time.

About 1,400 workers, mostly members of the Union of Commercial and General Workers (UCATT), voted by a majority of more than 100 in favour of a series of half-day stoppages in the period leading up to the motor show. The fact that voting was fairly evenly split suggested that not all workers may support the action.

Mr. Edgar Jones, a UCATT regional organiser, said that the mass meeting was unofficial. The men were demanding consolidation into their basic pay of a daily attendance allowance. The action recommended action applied not just to Birmingham, but to all exhibition centres.

UNION workers were still blacking the Liberian-registered bulk carrier stranded in Glasgow, although the owners have agreed to meet all the demands of the International Transport Workers' Federation at a cost of \$400,000, it was alleged in the Appeal Court yesterday.

Mr. Roger Buckley, the owner's counsel, said the attempt by the owners of the 15,000-ton Camilla M to buy union and were governed by Indian Government wage controls. Their pay rates—about eight times below Federation rates—had been negotiated by their union and were governed by Indian Government wage controls.

The seamen refused to have anything to do with the Workers' Federation so members would not lift the blacking.

The dispute was costing the owners, Star Sea Transport Corporation of Monrovia, \$4,000 a day, Mr. Buckley told Lord Denning, Master of the Rolls, and two other judges.

Other foreign sailors had also refused to sign the agreement.

Mr. Buckley said there was no evidence the owners had anything to do with the men's refusal to sign. But the Federation had a "certain antipathy towards" resisters, and the continued action might be connected with that.

The company is appealing against a High Court judges refusal on Monday to order Mr. Jim Slater, general secretary of the National Union of Seamen, and Federation officials Brian

## Shipyard rise

**Loughton and Mrs. Aileen**  
**Collaborate to allow the Camilla**  
**M. to sail**

Mr. McKelvey said the ship had been blacked since it arrived in Glasgow on September 9, when the Federation made its demands. These included substantial pay rises for the crew while it waited in line with Federation rates.

The owners had offered to

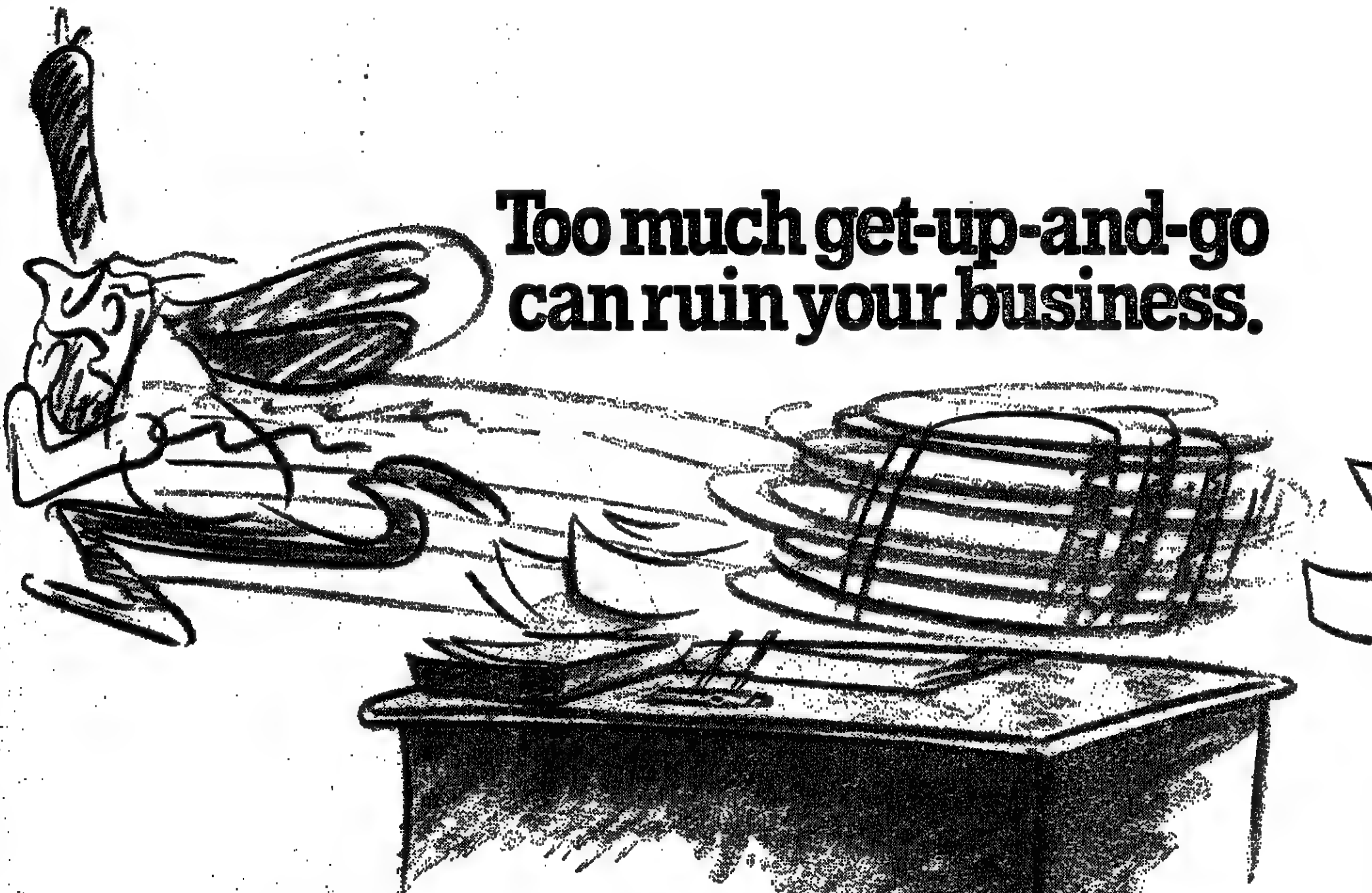
**By Our Belfast Correspondent**

**NEARLY 500 commercial and**  
**industrial staff at Harland and**  
**Wolf, the Belfast shipbuilders,**  
**have been awarded wage**  
**increases of between 10 and 20**  
**per cent by the Northern Ireland**  
**Industrial Council.**

**The January award, backdated to**  
**the January award made under the**  
**1948 Fair Wages Resolution.**

---

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Others will tell you they were driving to a client, or checking a consignment had arrived.  
Ask yourself, is that the best way to use their talents?  
Ask yourself, could they be using their time more efficiently?  
Ask yourself, could telecommunications help them do more of their work from their desks and probably save you money into the bargain?

And if you answer the last two questions with a 'yes', jog their memories with a memo telling them it makes sense to make more use of the phone. Then you'll go places.



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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## SAFETY

### Guard for many types of machine

COMPLETELY new machine guarding equipment has been put on the market by the machine guarding division of P. J. Hare, of Winton, Somerset. In many applications, the system can dramatically increase productivity by keeping to a minimum the non-productive part of machine operation: loading, unloading, and guard operation.

Superior, as the system is known, was originally introduced 12 months ago as a new guarding system on the 12BS hydraulic press manufactured by the company. However, its basic design and the flexibility of its pneumatic control and interlock system gave it great potential for application on mechanical or hydraulic presses and other machines not manufactured by Hare. Hence the expansion of its market scope.

Early design studies found that in order to keep down operating time the moving parts of the guard would have to travel as short a distance as possible. They would also have to be as light as possible to avoid discomfort to any operator whose hand was not removed from the danger area when the guard closed. For these reasons, twin moving shutters of clear perspex or "Makralon" were chosen and fitted with well-cushioned leading edges.

These perspex shutters are mounted at each side on a toothed belt which runs over pulleys at the top and bottom of the front panel. The shutters are opened and closed by a pneumatic cylinder and the operator initiates the machine and guard cycle in the natural rhythm of his work: as he withdraws his hand from the work area to reach for the next component he touches a horizontal bar. The panels close, and the signal to operate is given only when the operator's hand is caught between the panels they re-open and the machine will not cycle. A pneumatic control and inter-

lock system was chosen for the UK in preference to an electrical system as this offered substantial cost savings to the end-user with no sacrifice in safety. An electrical control system is available where this is preferred.

The front guard panel is mounted on hinged side panels so that the entire guard can be swung away from the tooling area to give unrestricted access for toolsetting and maintenance work. In operating conditions the panels are held closed by a captive key switch which stops the motor of the machine when opened. On key clutch presses a delay can be built in so that the guard cannot be opened while the flywheel is still turning.

Side panels can be fitted with "windows" of transparent material or perforated steel, or slatted panels to allow strip feed from outside the guard.

P. J. Hare, Winton, Bristol BS18 7NL. 0934 862603.

### Lifeboat to save divers

UP TO 12 divers undergoing decompression can escape from their diving support ships, or drilling rigs, in the event of fire, blow-out or some other disaster by a new form of lifeboat developed in the Capper-Neil group.

It has just gone into service on a ship operating in the Frigg field following extensive tests at the Vickers shipyard at Barrow-in-Furness. The Aqua Hyperbaric Lifeboat (Aqua HLB), has been designed, developed and constructed by Aqua Logistics (International).

Aqua HLB is among the first pressurised lifeboats and has been specifically designed for the Norwegian market where the authorities are insisting on such a means of evacuating divers who are in the middle of a decompression cycle and who would almost certainly suffer serious physical damage if they were to be rescued by ordinary means.

The new lifeboat was designed and developed in just 70 days by Aqua Logistics for Northern Offshore. During this tight schedule the approvals of the Norwegian Petroleum Directorate (the ultimate Norwegian

## MATERIALS

### Rail wear and tear reduced

LOOKING towards a time, not all that far ahead, when much greater reliance will have to be placed on rail transport in the developed countries, the Krupp steelworks has manufactured and is extensively testing a new type of rail which is much stronger than anything produced hitherto.

It will withstand forces up to 1,400 Newtons per square millimetre, whereas the most resistant rails so far developed—also by Krupp in the 1960s—were rated at 1,100 Newtons, minimum. The latter rails were produced for particularly arduous duties such as on the approaches to the St. Gotthard tunnel in Switzerland and in ore-handling railway systems in various parts of the world. These rails are made of a chrome-manganese steel.

Krupp undertook the development under the aegis of the Federal Ministry of Research and Development which is promoting a programme to investigate the technological frontiers of steel wheels on rails.

Rolls of the new material—the composition of which has not been disclosed—are being laid on test tracks belonging to the Federal Railways and in the brown coal mining areas where they will undergo evaluation both for their resistance to heavy traffic and to the effects of high speed rolling stock travelling at 300 kph and more.

The aim of this ongoing development programme, which is being carried out between Krupp and the Bundesbahn, is to develop a rail with outstanding metal fatigue and plastic deformation characteristics, which is also easy to weld. It will also have excellent wear resistance and freedom from brittle fracture.

Fried Krupp Huettenwerke, 4630 Bochum, Alleestr. 165, Federal Republic of Germany.

Massive testing equipment at the Krupp research laboratories at Rheinhausen is being used to put new rail materials through stringent examinations for resistance to cracking and wear. In this instance, a section of rail at right is undergoing extended bending tests.

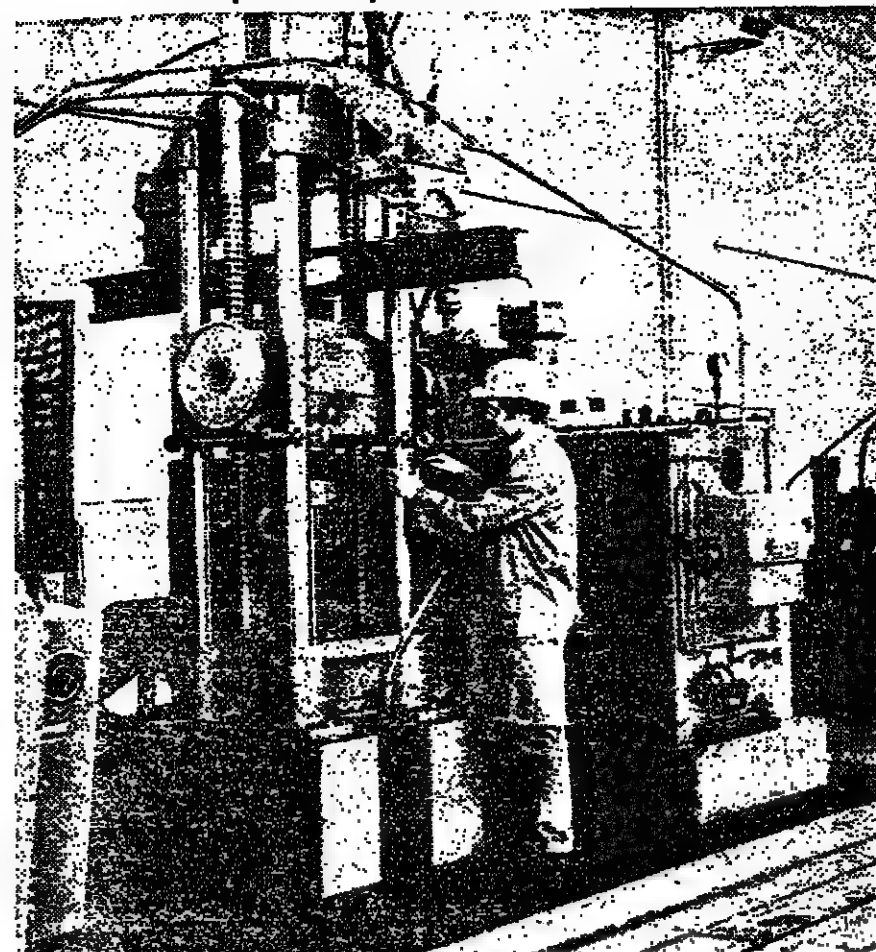
authority) and Lloyds were obtained.

Measuring an overall 25 feet it looks like a big water beetle and would be stored on the deck of a ship, or drilling rig. In the event of a disaster it can be pressurised so that divers at risk can climb into it through a manway. It can then be launched by standard davits and towed to safety.

It consists of a standard diving decompression (DDC) unit surrounded by a polyethylene flotation ring. Although a large part of Aqua Logistics' business is fabricating DDCs, it is prepared to convert existing ones into lifeboats. In its estimation, there are many DDCs in existence which can easily be converted—saving considerable time and money.

Aqua HLB has all the resources to keep 12 divers alive for 24 hours. If in that time it has not been connected up to another life support system, then it falls back on the use of an "umbilical" cord. This can be connected to any ship and will provide all necessary oxygen, lighting and heating.

Aqua Logistics is on 0744-510202.



## SOFTWARE

### Easier network access

BURROUGHS HAS joined the ranks of major computer builders to offer special software allowing users to develop company-wide data networks in which computers will interact with one another on a far greater scale than previously possible.

Using BNA (Burroughs Networking Architecture), local computers or terminals can access information stored in databases throughout the network. Data files such as sales orders or production schedules, and tasks such as inventory updates or report writing can be transferred from one machine to another as needed.

Distributed processing operations, in which local computers assume portions of a central computer's workload, can be increased significantly both in scope and effectiveness. Data processing and computational power available anywhere in the BNA network can be shared by all network participants regardless of the distance between them, the company declares.

Most of today's computer networks limit communications to a given central computer and a

number of subordinate systems and terminals. Units of one local network do not have access to data stored in other networks. Similarly, distributed processing systems generally lack the ability to communicate with other distributed systems in the same organisation.

But access to multiple databases from remote points, information and work sharing by central computers, and broader distributed processing functions are key factors in the planning of many computer users, particularly those with national or international operations.

BNA can be used with most small to very large-scale Burroughs computers, and is expected to become available to customers in 1979.

IBM was the first company to give this particular software sector a name (SNA) though that company already had networking software available and in use. Seen by some commentators as a new means of locking-in users and locking-out would-be suppliers of equipment competing with IBM, SNA and its parallels nevertheless correspond to a real need for co-

## PROCESSES

### In mint condition

THE BIRMINGHAM MINT has adopted a nitrogen based atmosphere to anneal strip metal prior to its being made into coins. The installation of the nitrogen system follows the mint's purchase of a Salem Engineering bell furnace—this would, in any case, have required a nitrogen safety purge system, but by installing a complete nitrogen system both production and safety purge requirements can now be met economically.

## EXHIBITIONS

### Technology meets in Toulouse

LAUNCHED IN 1971 to promote the extensive industrial infrastructure of France's subcontracting industry, MIDEST (Marché International de la Sous-Traitance) which has its counterpart in Britain's Sub-contracting Manufacturers' Association, has grown to a major international event with 1,200 participating companies, slightly down on the preceding event, but happening this year at a time when several important sectors were reporting more encouraging results.

Metallurgical companies, heavily represented, could report an improvement in the sector of some 3 per cent in turnover for the first quarter of 1978 over the last quarter of 1977 and an advance of 10 per cent compared with the same period a year earlier.

Toulouse was chosen for the present event because of its pre-eminence in the country's aerospace industry—a major export earner—and the fact that it is the country's fourth largest city, main centre of the Midi-Pyrenees area.

Exhibitors recorded excellent Spanish and Italian attendance which was possibly due in part to the fact that the city is so close to their home lands. At the same time, there was some

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misgiving because of the fact that the attendance from Germany and the Scandinavian countries. By and large, however, the exhibition was judged to have fulfilled its aim of encouraging foreign interest in the possibilities this large sector of the industry can offer.

One of the important reasons for exhibitions such as these was the special attention paid by the organisers to a technology which can play a major role in visitors' attempts to understand what is being offered with sufficient attention has been given to getting multi-lingual staff to work long before the event. A standard terminology made available in German, Dutch and English, relying on experts from the countries.

Among the UK participants was Imperial Metal Industries which came to test the waters with a "mini-stand" launching out into some much more ambitious Brussels next November. It was displaying its own components for the power plant industries and products on view were: valves, reed tubes, pen valves, barrels. Fabrications of brass, nickel, silver, metal and aluminium. Another innovation was the computerising of the exhibition catalogue which permitted much better flexibility in layout with easier reference to the ability to include more late material.

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## A FINANCIAL TIMES SURVEY

### DENMARK

NOVEMBER 8 1978

The Financial Times plans to publish a Survey on Denmark. The provisional editorial synopsis is set out below.

**INTRODUCTION** Mr. Anker Joergensen's Social Democratic minority Government has brought relative stability to a fragmented political system but has not managed to solve the country's long-term economic and social problems.

**ECONOMY** A tight monetary policy has resulted in a high level of unemployment, which has not yet responded to a Dkr. 10bn Government job-stimulating programme.

**FOREIGN POLICY** During a successful presidency of the Community in the first half of this year, the Danes pressed their free trade interests and promoted steps towards closer currency co-operation.

**BANKING** There seems to be little chance of a relaxation in monetary policy as long as the budget deficit remains high and the Government gives priority to reducing the payments deficit.

**INDUSTRY** Denmark's small, highly specialised manufacturers thrive in a free market economy. This is why Denmark's voice has been among the loudest recently in attacking the industrial subsidies practised by some other countries.

**AGRICULTURE** This year the farmers are experiencing an exceptionally good harvest and an investment boom, which has generated greater optimism about solving Danish farming's structural problems.

**OIL AND GAS** The Government expects to press on with the development of Denmark's North Sea gas resources and to construct a national gas distribution network.

Other articles will deal with doing business in Denmark, shipbuilding and shipping, and contractors and traders.

For details of advertising rates for this Survey, please contact

Neil Rogers, Financial Times, Bracken House,

10 Cannon Street, London EC4A 4BY.

Tel: 01-248 8000 ext. 575

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

## METALWORKING

### Checks on roundness

A SHOP-FLOOR ability to carry out advanced roundness testing has been introduced by C. E. Johansson in the form of an instrument consisting of air-bearing table, high precision spindle and capacity for workpieces up to 250 mm across of weight up to 50 kg.

The instrument has a small "brain" in the form of a micro-processor which in conjunction with a polar recorder allows the detailed analysis of roundness, squareness, flatness, parallelism and skew.

Turntable accuracy of  $\pm 0.001$  mm and automatic centring eliminates the time consuming

setting-up stage. Direct digital display is provided of peak-to-valley height; it is also possible to display the offset of the true centre from that of the "least squares" circle and the angular position of the offset can also be shown.

For hollow cylindrical components, where internal and external diameters are being checked, the least squares circle can be superimposed, on the rotary plotter, on to the inner and outer graphs to show concentricity.

More from 66, High Street, Houghton Regis, Dunstable, Beds. LU5 5BJ (0682 68181).

## TRANSPORT

### A quick cover-up

ROAD VEHICLES with open bodies often have to carry goods or materials that have to be protected from the weather or pilferage and covering them with protective sheeting can be an irksome and time consuming task.

However, George Neville Truck Equipment has found an answer to this problem with its quick action remote-controlled sheeting system. Across the front end of the vehicle's body, behind the headboard, is fitted

a roller around which the protective sheet is wound. The free end of the sheet is anchored between two outside arms pivoting from beneath the middle of the body's floor. As these external arms swing rearward, the sheet is pulled from the roller, thus covering the load.

Retraction of the sheet is by means of a winding handle, which can be reached by a person standing behind the cab. Details of this sheeting equipment can be obtained from the company at Lindleys Lane, Kirkby-in-Ashfield, Notts. NG17 5BS (0623 752601).

## PHOTOGRAPHY

### Flash level at a glance

OFFERED at a price which the UK maker, Laptronic Products, claims to be about a half of the nearest Japanese imported equivalent, an electronic flash-metre for professional photographers directly produces a fast-reading needed after a test flash with the meter at the subject position.

The device obviates the use of the exposure tables found on the back of flash guns and produces a much more accurate result on a digital display.

The company claims that it has considerably simplified the Japanese method of measuring the light, which involves charging a capacitor from the photocell and then discharging it into an analogue to digital converter. Laptronic has done away with the capacitor but apart from claiming that the conversion to an fast-reading is much more direct, will release no more details.

With all the components embedded in epoxy resin, the calculator-sized unit is robust and reliable.

Orders worth over £200.000 have already been obtained, well over half from overseas.

Laptronic Products, 3, Belsize Crescent, London N15 3QY (01-794 8195).

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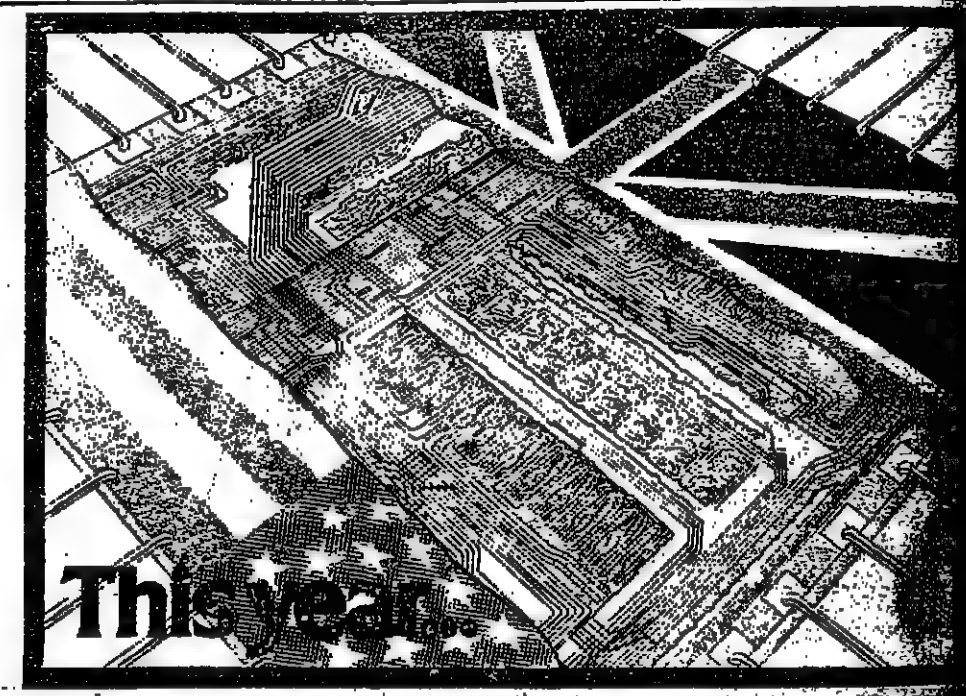
And although the environment's as rich, varied and beautiful as any you'll find in the British Isles, it isn't lochs and mountains that bring them our way.

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Marketing Officer, Tayside Regional Council, Tayside House, Dundee. (Tel. 0382 232517)



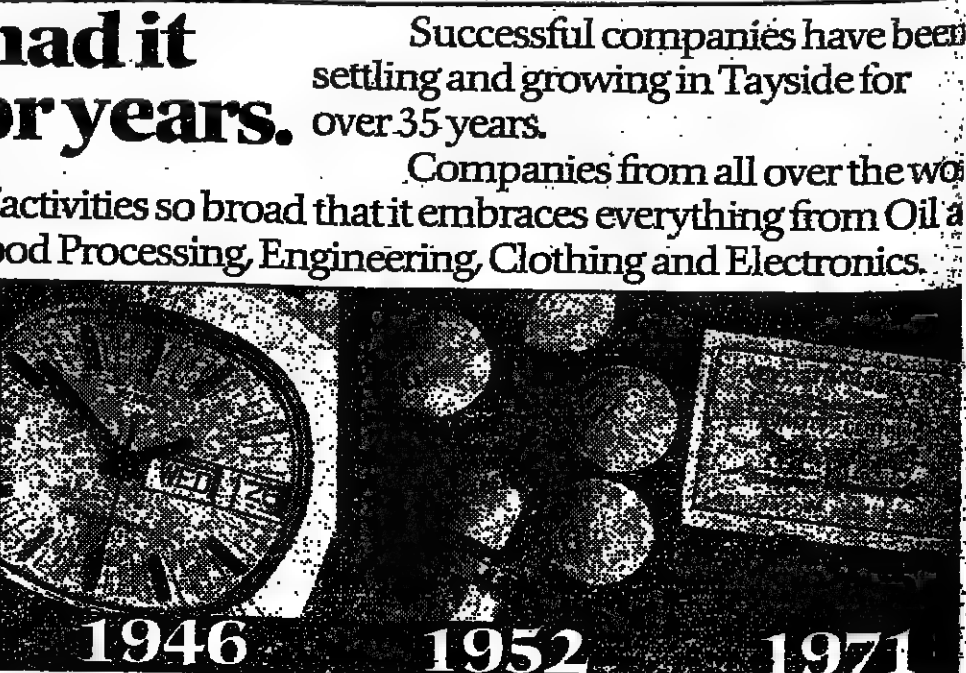
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Marketing Officer, Tayside Regional Council, Tayside House, Dundee. (Tel. 0382 232517)



## The Management Page

EDITED BY CHRISTOPHER LORENZ

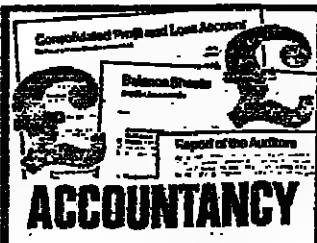
THE ACCOUNTING profession in the U.S. is facing its most severe challenge since the mid-1930s, when the Securities Acts were written and the Securities and Exchange Commission was formed. Now, as then, the public is concerned about the way the U.S. financial system conducts itself, and some in Congress are interpreting that concern as a call for new legislation. Now, as then, there are those who see the accountant as the personification of the system, and would therefore legislate for further control over the profession.

Turnout in the profession is not confined to the U.S. In the UK as well, concern is mounting about the regulation of the accounting profession. While there is no regulatory body like the SEC, for example, some in the UK are calling for the creation of a similar institution. Increasingly, the profession in the UK and the U.S. confront many of the same problems and challenges. For this reason, it may be valuable to examine the American experience.

There is no easy explanation for the current challenge to the profession in the United States. It is certain that we are paying the price today for the amorphous accounting principles which we allowed to prevail in the early 60s. And we are paying today for our past failure to challenge the business practices of some of our clients—too many assumed that questionable payments made by clients were a normal way of life, until that kind of corporate conduct became a national issue. However, it may also be that we accountants are now faced with a dramatic challenge because we have been successful in our efforts to convince the public that we are a profession. Today, the public is asking that we live up to that promise.

The challenge to the profession touches on many issues, but perhaps the most critical is directed to the regulation of the profession. Congress has been sceptical of the profession's self-regulation efforts, and the most serious legislative proposals have been directed towards imposing a governmentally-sponsored regulatory scheme.

Practically speaking, the public accounting profession in



the U.S. is regulated more by outside forces than by its own regulatory efforts. When a client gets into financial trouble it is almost certain that the accountants' work will be tested in court. Some critics of the profession have argued that these civil proceedings are an effective way of disciplining and regulating the profession—because case-by-case precedents establish new practice standards, and the threat of massive judgments will force adherence to those standards.

However, anyone who has ever followed the legal manoeuvrings in a courtroom, recognises that a civil proceeding is terribly inefficient and in many cases inequitable. The findings in a civil proceeding are subject to a great many factors beyond the professional issues involved: the outcome of a civil proceeding may be influenced by the skills of the attorneys on either side, the attitude of the jury and the judge, and the emotions that are engendered by that particular case. The civil process is not the most effective or the most efficient means of regulating and disciplining the profession, but given our present structure it has the most impact.

## Wreckage

The SEC also has a hand in disciplining the accounting profession in the U.S. The SEC's enforcement division combs through the wreckage of a financial disaster looking for evidence of failure on the part of the company's officers, attorneys, or accountants. The enforcement division has the benefit of hindsight. If after their investigation, it concludes that an auditor is culpable, they can take action without involvement of the courts. The procedure is perhaps efficient, but many feel it is not necessarily fair. Nonetheless, it seems reasonable to predict that

# The American profession: facing a growing challenge

the SEC's enforcement group will be an even more active force in the regulation of the profession in the years ahead. With the Congressional interest in the accounting profession, those at the SEC are sure to take the hint.

The self-disciplining efforts of the accounting profession stand in stark contrast to the activities of these extra-professional agencies. It is safe to say that in the last ten years the profession has not taken any single action on a major accounting failure. We have no one but ourselves to blame for the fact that the courts and the

really focus on the more difficult problem cases until all of the civil litigation has been completed—and that can be eight, nine or ten years after the fact.

The congressional inquiries into the accounting profession have focused directly on this question of self-regulation and self-discipline. Senator Lee Metcalf (now deceased) held congressional hearings on the state of the accounting profession in the U.S. during the summer of 1977. Last autumn the Metcalf Committee issued a report which was strongly

however. It is possible that during its peer review, a firm will be found to have violated a professional requirement; then, clearly, some kind of remedial action will be required and the Section would be in a position to invoke a sanction if the remedy was inadequate. But we have not yet determined how the section will deal with alleged audit failures which come to light as a result of a client bankruptcy, or a civil court action. It is not clear how a firm will react if it concludes that disciplinary proceedings by the section might prejudice its case in

action given a chance to work out its problems, but with some important provisos:

1. The SEC has criticised the Section in its approach to peer review because it depends upon its own peer review comes along. The SEC has suggested instead that the peer reviews be conducted by teams of auditors, selected by the section, from a wide variety of firms.

2. The SEC has suggested that the public oversight board be more directly involved, and have more authority to influence the actions of the section.

3. And finally, the SEC agreed that the profession should be given an opportunity to discipline itself, but its report to Congress cautioned that the section's disciplinary programme had not been tested. Obviously, the SEC's approval of the profession's efforts is contingent on our ability to deal effectively with our own self-discipline.

## Regulation

When Senator Metcalf died, his Committee's responsibilities were assumed by Senator Thomas Eagleton. It is not yet clear whether the Eagleton Committee will accept the SEC's judgment and give us the time we need to prove that we can deal with our own regulation. If Congress is unable to do something constructive about the really critical issues of the day—an energy policy, the falling dollar—some may decide to take out their frustrations on the accounting profession and adopt legislation that would bring the accountants' disciplinary proceedings directly under the control of the government. In fact, Congressman Moss, representative from California, has criticised the profession's efforts, and has pooh-poohed the SEC report. Representative Moss has said that he will introduce legislation during this session which

would establish a quasi-governmental body to regulate and discipline the profession. He admits that the legislation is not likely to be adopted this year, and he also has said that he will not run for office after his current term expires this autumn. However, he is confident that there are enough in Congress who feel as he does, and who will reintroduce the legislation and carry it through.

The profession in the U.S. has its roots in the UK, and we share the same professional heritage. Also, our working environments are fundamentally similar, subject to many of the same pressures: in each country there is an egalitarian trend in the society, such that a professional must justify his special standing, on a continuing basis. In each country private institutions feel competitive pressure from strong government bureaucracies. It is inevitable that the accounting profession in the two countries will share many of the same challenges.

In 1976, the UK profession, spurred on by government criticism of some audit problems, appointed a committee chaired by Lord Cross, to challenge the profession's procedures for self-discipline. The committee pointed out that the profession was handicapped because it had no authority to conduct an effective investigation into the work of an accountant under the law, or even under the profession's own charter. Further, the committee found that the profession did not have the mechanics to deal with professional discipline in complicated situations. It recommended that the profession amend its constitution to provide for a board of inquiry which would be given authority to investigate alleged auditing failures, and take appropriate disciplinary action, if warranted.

The profession responded quickly. An implementation committee chaired by John Grenside has detailed a plan for a tribunal which would investigate alleged failures in the audits of public companies. The tribunal would have the power to fine an offending accounting

firm, and charge the firm with the cost of the inquiry. The professional bodies would retain the authority to discipline individual members of the firm.

While the Cross Committee was focusing on the accounting profession, the financial community was searching for a way to strengthen self-discipline in the City, in response to direct criticism from the Board of Trade. At the beginning of the year, the key financial groups, including the accounting bodies, formed the Council for the Securities Industry with the objective of maintaining high ethical standards in the industry, and with the authority to investigate possible misconduct.

## Framework

The profession in the UK has therefore established a framework for self-discipline, but, as in the U.S., that framework is still untested. The tribunal will not have the authority to subpoena evidence, and so its inquiry process will depend on professional co-operation, or the work of other investigatory groups. In a situation where the accountant finds himself in a court action, the profession's inquiry must be delayed until the court action is resolved. If the problem situation has also come to the attention of the council, presumably the council will have the first crack at the accountants as they may challenge all of the partners involved in the situation—how will those two self-regulatory bodies work together to deal with the accountant? And finally, problem situations will only come to the tribunal's attention as a result of a specific complaint; there is no provision at this time for a regular peer review of accounting firms.

Although the structure is untested, and perhaps subject to some evolution, it represents a clear commitment to the preservation of self-regulation. The UK profession has moved quickly in response to the challenge, and perhaps has more time to prove itself than we have in the U.S.

It would appear that the professions in the U.S. and the UK have a new lease of life as independent, self-regulatory institutions. However, that lease is subject to short-term cancellation. To maintain our independence as professionals, we must make the newly created self-disciplinary structures work.

Russell Palmer is managing director of Touche Ross International.

## Russell Palmer explains how the U.S. accountancy profession is responding to the recent sharp criticisms which have been levelled against it

SEC have stepped into the disciplinary process—they simply rushed in to fill the vacuum left by the profession. There are a number of explanations for our ineffective self-regulation. First, and most obvious, self-discipline is painful and as a profession we have not met our painful duty.

It has been relatively easy to enforce those provisions of the codes of ethics which deal with advertising, or encroachment, and a number of individual practitioners have been disciplined for those violations. Similarly, it has been relatively easy to discipline those few members of the profession who have been convicted of a crime in a criminal court, and the profession's trial board has taken action on those clear cut cases. But we have not been able to deal with those cases where very difficult questions are involved—where the auditor's judgment is at issue.

In addition to the natural human reluctance of one professional to discipline the other, there are some structural problems which inhibit the effectiveness of our internal self-disciplinary process as well. Of course, the profession does not have subpoena powers and so its ability to conduct an in-depth investigation is hampered. And, given the threat of civil litigation, with its significant uncertainties, firms have been unwilling to submit voluntarily to professional discipline. As a result, the profession's disciplinary machinery does not and the sanctioning process

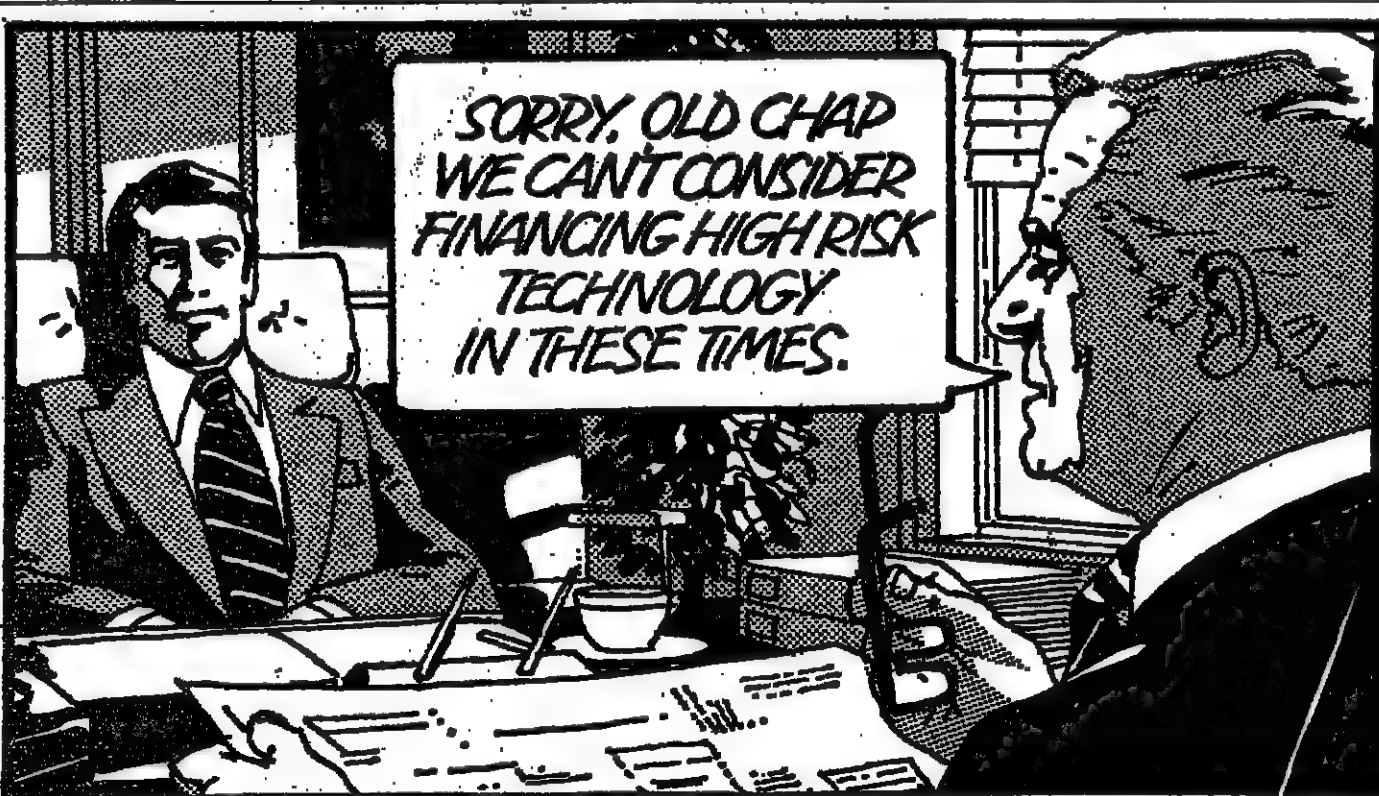
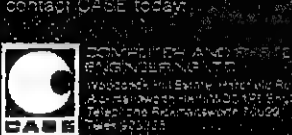
critical of the profession, and which outlines a number of significant recommendations for change. The committee recommended that the profession be given one more chance to demonstrate that it could take care of itself, and so recommend no new legislation, at least for the time being. The Metcalf Committee did recommend, however, that the firms who deal with publicly-held clients form a self-regulatory organisation which would have its own, effective disciplinary powers.

In response to that challenge, the American Institute of Certified Public Accountants has established a division of firms. (Prior to this individual CPAs joined the AICPA but the firms themselves had no official standing.) The division of firms includes an SEC Practice Section and a Private Practice Section. To join the SEC Practice Section, a firm must agree to certain membership requirements—most important, it must agree to abide by the standards established by the section, to submit to a peer review, and to submit to the section's discipline and its sanctions. The organisation of the section has been worked out, most of the major firms and a number of the smaller ones have joined, and some staff have been taken on. On paper, the division of firms approach has won considerable praise.

We have not yet worked out the details of the disciplinary machinery does not and the sanctioning process

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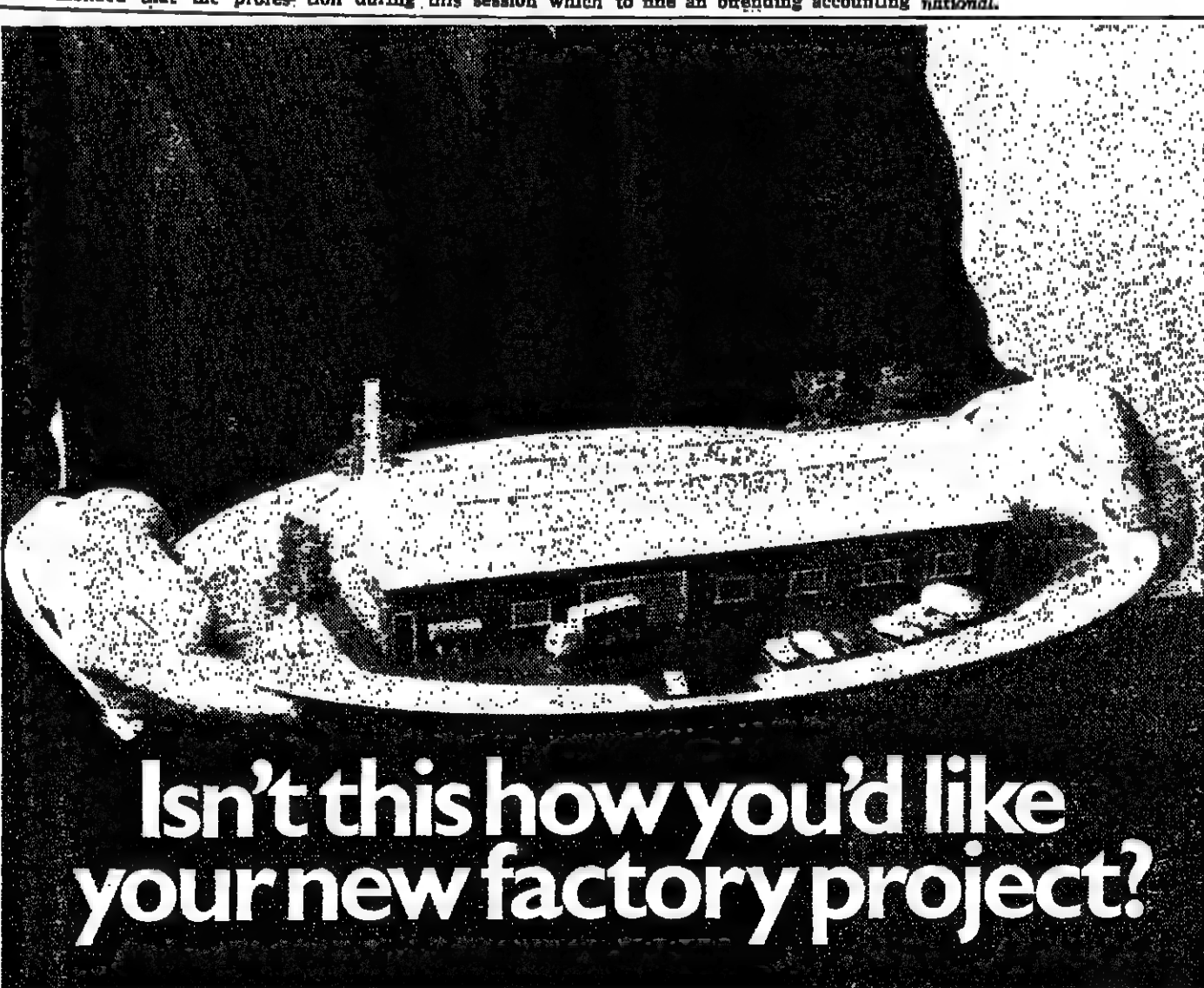
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SHEPHERD

16 LOMBARD

# Home loan funds and the banks

BY MICHAEL BLANDEN

IF BETS were being laid on which bank will be the first to venture into the mortgage business on a significant scale, most City people would put their money on Barclays as the most likely to respond to the building society challenge. But all of the big four banks reacted only when the issue was recently revived in the Press, and provided several reasons why this is not the most opportune time to contemplate a substantial expansion of their business in this direction.

Each of the big banks has been examining ways of developing the home loan business, on and off, for several years. For a long period, they have felt the impact of the increasing share of the savings market being taken by the building societies. The issue was brought to the boil last year when interest rates dropped sharply and the banks lost funds more rapidly than usual.

If the banks want to strike back by putting their own considerable marketing weight behind a serious effort to sell long-term mortgages, however, they will have a number of obstacles to overcome.

Lord Armstrong, the chairman of Midland Bank, argued before the Wilson Committee earlier this year that the banks could not carry out home lending just as well as the building societies, if not better, if they were able to enjoy the same tax advantages. And a superficially attractive case can be made from the point of view of the banks for entering this market. They have the branch networks available to provide the contact with borrowers, and the potential for building up a solid deposit base to support the lending.

Yet apart from a natural desire to get their own back, the banks have not yet presented a fully worked out rationale to support a plunge into mortgage lending. It would be little sense for them to divert their existing deposit resources into the business, as long as they can make a reasonable return on short and medium term banking loans, even if there were no official restrictions on mortgage lending. It would be little sense for them to divert their existing deposit resources into the business, as long as they can make a reasonable return on short and medium term banking loans, even if there were no official restrictions on mortgage lending.

Setting up a separate subsidiary or division to develop mortgage lending, on the other hand, would take them out of the banking market. The societies themselves, it is true, have played down the scale of the advantages they enjoy as a result of the tax concessions granted by the Government. But for the banks to compete on even terms, the business would have to be conducted quite separately from

their general banking operations and it is far from clear how they would gain as a result. The banks would certainly have to overcome two major hurdles before they considered such a step. One would be to ensure that they gained parallel treatment with the building societies on taxation. The main point here is the composite rate paid by the societies. This is arrived at on the basis of an average of the rates actually paid by the investors. For the last financial year, it was 24½ per cent, well below the basic rate of income tax.

The Inland Revenue might well be prepared to consider a similar arrangement for a bank offshoot set up specifically for the purpose of conducting home loan business—though I believe that so far it has not received any direct approaches from the banks on the subject. However, it is not easy to see how a bank would fit into the separate structure of the building society movement, and the representative function at present fulfilled by the Building Societies Association.

**Obligation**

The second obstacle arises because the banks are at present under the constraint of the official code of conduct which governs the way in which they carry out their interest-bearing deposits. The building societies are outside this form of monetary restriction. But it seems unlikely that the authorities would be willing to permit a powerful group of financial institutions over which they now have control to develop new business outside the present ambit of credit policy.

In any case, the banks have accepted the obligation not to all any part left as a result of the Government's request to the building societies to restrict the scale of their mortgage lending. At present the scope for new developments is, therefore, limited. Yet over the longer term the banks may look at various ways of providing an extended mortgage lending service.

They could, for example, develop the business they already do on a modest scale, not only in bridging loans but in mortgages which can run for as long as 10 years. The terms they are able to offer may not be fully competitive with the societies, but the price is probably not the biggest problem faced by the home buyer. They could also look abroad for different ways of approaching the problem: one idea, which might be adopted by the U.S., for example, is for the banks to put together packages of individual mortgages to be sold on to the big investing institutions.

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Acet last time out. He ran Laudon to whom he was trying to concede 4 lbs. to 11 lengths in the Wainman Handicap.

It is not surprising to find the connections of that winter declining today's engagement on 12 lbs worse terms.

Reg Hollinshead, who usually does well at this meeting, has already won Acet's valuable Portland and Mason Handicap with Bransford Zipper and the good-looking bay—not seen out since running poorly in Haydock's Joe Coral Handicap early in August—looks far from harshly treated with 8 at 13 lbs.

In the belief that he could well be back to his fine early season form, which included a win in Doncaster's Bathurst Handicap for Jack Hardy I take Bransford Zipper, probably the freshest horse in the field, to come out on top.

Clive Brittain trains a juvenile for his wife, Maureen, in the Avoer gelding, Blessed Son, and I am hopeful that this once-raced boy (a June foal) will prove up to leading the Bramham Moor Stakes from which Pluvial is absent.

A second likely winner for the Newmarket trainer whose stable star, Julio Mariner, is being syndicated by the BBA at £20,000 a share—placing a value of £20,000 on him—is Bella

Regain, among the runners for the opening division of the Alamy Selling Stakes.

**YORK**

2.00—Bella Ragata\*\*\*

2.30—Blessed Son\*\*

3.00—Shaftebury

3.30—Bransford Zipper\*

4.00—Miss Eliza

4.30—Cherry Picking

5.00—Impressionist

**CHRETIENHAM**

2.45—Tingled

3.20—Moini Tallant

4.25—Archbold

**RACING**

BY DOMINIC WIGAN

However, he has retained his form well and Willie Carson seems assured of a good ride on this five furlongs, on which Beethoven has already scored.

Two others with obvious claims to consideration are Bill Gues's Gold Song, and another sprinter Reg Hollinshead's Bransford Zipper, a recruit from Jack Hardy's stable.

Gold Song, who is also by Beethoven's sire, has claims to consideration as he has won the best since getting the better of St. Terramar in a £4,100 handicap over the minimum trip at Sandown in mid-summer. However, he showed he was far from done for this season at

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## Look after Lulu by B. A. YOUNG

Feydeau's plot for *Occupation Philippe* lays on a bogus marriage at which the mayor is to be played by an amateur actor. From that point the story develops in characteristically Feydeau style, except that the climax comes in Act 3, Scene 1, instead of in Act 2, as it usually does.

The Chichester Festival production, directed by Patrick Garland, is happily cast and comes to us fully run-in after its summer season. Geraldine McEwan bubbles away as Lulu, the fashionable coquette, who finishes the first act with a lover, an amorous footman, another man's lover and a Salesman in pursuit of her. Both matters resolve themselves when you get used to them, and though the action sometimes slows down more than it should after his single scene, the prince regards the matter as a simple business arrangement; but Marcel, the other young man, is within two minutes of the end, anyway; then there are a long 20,000 francs if he marries, so

curtain line that could be dispensed with.

Clive Francis is unusually funny as Marcel. He plays him as a little creature bent into the shape of a tadpole, with a moultache and a pair of spectacles that give him an unexpected look of Robertson Hare. To have put so much invention into an ordinary Feydeau amateur earns him an extra point. The rest offer no such individual touches, but they present a typical Feydeau company brightly enough—Gary Raymond as Philippe, Miss McEwan in her element at Lulu and Penella Fielding treading on her heels as Marcel's noble mistress Claire. George Howe as a retired policeman, Paul Hurdwick and Peter Bowles as the Salesmen, Nigel Stock as a comic German. There is a charming sketch by Robert Perceval as a mayor whom no one believes to be a mayor.



Geraldine McEwan and Penella Fielding

Leonard Brett

## Festival Hall

## Tippett's Fourth

by NICHOLAS KENYON

The Scottish National Orchestra, the first British group to have taken up the challenge of Sir Michael Tippett's Fourth Symphony (written for six horns and strings), performed here by that orchestra on its recent visit to the Proms. On Monday night the NO presented the work at the Festival Hall. The immediate impression was how much more intimate a piece it sounded in Alexander Gibson's hands.

It had made of it a confident, driving brass tumult and glinting, emotionless wind and string flourishes. Gibson allowed the work to unfold more smoothly, making its own pace and its own contrasts—his was a less feverishly rilled reading, and hence "rhaps less convincing, but I am sure it revealed the work's intent more truthfully.

## nape Matings

## Benson &amp; Hedges Festival

by ELIZABETH FORBES

The second Benson and Hedges festival, held at Snape Maltings such intelligent players, Mr. Lloyd Webber's ravishingly delicate music of Mozart and Rakhmaninov, a combination that danger of being submerged by the piano. Indeed, Mr. Vignoles emerged as one of the stars of the festival. Acute sensitivity to his partner, whether instrumentalist, as in the Cello sonata, or vocalist, as in the Gold Award competition, did not preclude a very positive approach to the music on his own, or rather on the piano's behalf.

It was interesting to hear Rakhmaninov's early Variations on a Theme by Chopin on the same day as the later Variations on a Theme by Correll. The former were grandly played by Victoria Postnikova in majestic mood, while the latter formed part of a recital by the French pianist Jean-Philippe Collard, who also included three Preludes in his programme. Though an artist of awesome technical accomplishment, Mr. Collard gave most pleasure in the relatively simple Prelude in D major. Yet another eloquent pianist was heard in the recital

of Rakhmaninov songs by Vladimir Plavko, who was accompanied by Craig Sheppard. Mr. Plavko, principal tenor at the Bolshoi, had trouble in scaling down his powerful voice to the volume required for songs such as "The night is sad" or "The wandering wind," but at full stretch his singing was undeniably exciting and his involvement in the texts complete.

Vocalism of quite another kind lent distinction to the last of the Rakhmaninov recitals, the Vespers, the 15 a cappella songs for mixed voices that make up this fascinating work were sung with marvellously sustained tone and flexible shaping by the BBC Singers, whose very timbre was miraculously transformed into a genuine Russian sound by the conductor, Genadi Rozhdestvensky. It was disappointing that this concert, which also included Rakhmaninov's Morsures for piano duet played by Mr. Rozhdestvensky and his wife, Victoria Postnikova, was the least well attended of the whole festival.

## Arts news in brief

The BBC and Eyre Methuen have announced a new drama prize, the Giles Cooper Award for the best radio plays of the year.

The four judges for the first year will be Robert Cushman, dramatic critic of The Observer, and Gillian Reynolds, radio dramatic critic of The Daily Telegraph, plus a representative from the BBC and from Eyre Methuen.

They are asked to choose an

award-winning script from each of the five categories of radio plays broadcast by the BBC: Saturday Night Theatre, Thirty Minutes Theatre, Afternoon Theatre, The Monday Night Play, and the Radio 3 drama output.

To be eligible the plays must be original dramatic works for radio broadcast between January 1 and December 31, 1978. The awards for the best BBC radio plays of 1978 will be announced in April, 1979.

The successful playwrights will each receive a commemorative scroll from the BBC and a presentation copy of the anthology being published by Eyre Methuen in which their award-winning work will appear. In addition they will receive an advance on royalties from the publishers.

Giles Cooper, after whom the awards are named, devoted most of his writing life to the development of the radio play.

## Television

## The best from the west

by CHRIS DUNKLEY

Much of the most lightweight nonsense on our television screens comes to us from America. British viewers, some of the more vocal ones anyway, have been complaining of this for 20 years or more, which is not surprising since there seems to be as large a proportion of American programming in this country today as there was in 1958, even if ITV's import quota has recently been fractionally decreased.

The silent majority have not complained, of course; they have lapped up everything the Americans have sent us, from *Dragnet* and *Gunslinger* to *Star Trek* and *Hulk* and *The Incredible Hulk*.

As the managing director of one of ITV's Big Five programme companies admitted to me in the summer: "British television has added to success on the back of American programmes, it's been a matter of buying ratings while making our own prestige." He went on to remark that the American networks' new sensitivity about violence seemed to be making them less certain about what they did, which meant, he said, that the British would have to start producing more popular narrative drama material of their own — programmes like *Bionic Woman* and *Six Million Dollar Man* or *ATV's* old *Saint* series.

Now, six months later, the accuracy of that well informed prediction can be seen all over ITV's peak-time autumn schedules: any night (except Wednesday for some reason) which lacks a real American action series has been given a pseudo-American action series made in Britain.

On Saturday it is *The Professionals* which was concerned last weekend with a team of beam rifle. Created to the rigid yet worn-out formula of programmes about special crime squads—full of steely-eyed young 006 agents kitted out with Beezer comestible cars and gadgets—it lacks anything like the human character. In particular, Gordon Jackson's busy-busy "M" figure scarcely makes it into two dimensions, let alone three.

Sunday brings *The Return of the Saint*, starring Ian Ogilvy as Roger Moore, the one-man special crime squad, dealing with whole platoons of villains from Central Casting approaching from all angles hissing "Leesten thees oes a dangerous game you are playeeng."

Monday features Yorkshire

TV's *Sandbaggers*, a group of 005 agents apparently in such short supply in the British secret service that the "M" figure and his deputy are both ready to devote their entire lives to digging up dirt on one agent's fiancée just to blackmail him into rescinding his resignation.

Last Tuesday brought the first part of *Fantasy Island*, a new piece of authentic American nonsense in which Ricardo Montalban and a dwarf version of Tommy Cooper—an inept midwest magician named Tatum (really)—run an island hotel where guests pay to have their worst nightmares brought to life.

And so it goes on: *The Six Million Dollar Man* and *The Bionic Woman* (the best of Britain's action series) on Thursday; *Barefoot in the Park* on Friday; *The Incredible Hulk* early on Saturday evening, and so back to *The Professionals*, all of them playing these dangerous game, and all of them—except possibly *The Professionals*, though even that is arguable—clearly American in spirit, if not always in the nationality of writers, actors or locations.

No diminution in American influence on British television then. But in all this there is a great irony because at the very time that the British have been so busy turning out imitation American action series, the Americans have been hard at work borrowing pages from British books and converting them, original-like into high flying birds. Recently they have started to light-weight nonsense, some of the most interesting ideas and items on our screens.

It seems to me that the traditional British attitude of supercilious disdain towards American television has been out of date for some time. Furthermore, it may well be that in a couple more years if present trends continue, with the bulk of British television stagnating and repeating itself (even if a minority of very high quality programmes do go on winning international prizes and prestige) while American television continues to grow and to experiment, our broadcasters will have to start looking to their laurels.

There were some stook-sized straws in the wind at this year's Prix Italia which, although it was dominated by the British as never before with all three Italia "gold" being brought home, was also the first occasion where America took two of the three prizes. In a sense America's significant success was Britain's because Britain has been one of the worst.

It is not really the winning ITV's old *Palladium* show: it

of prizes which concerns me, however, but the development of new ideas and in particular the winning of large audiences with programmes other than the tried catchphrases, and then conduct and tested sort.

Naturally enough, human society being uniquely given to capable of, and reliant upon change) such new ideas create public interest and it is salutary to look back over the last year or so and recall the programmes which have become the biggest talking points not only among broadcasters and professional commentators but among the British public: *Roots*, *Washing*

was in 1958 that Forsyth took over as co-ordinator of that week-end light entertainment package, appearing between the dancers and the comedians to polish his experimental ENG gear back into mothballs and reverts to the prize game shows with solid celluloid like an old man choosing collars. And even in Twenty years on, ITV have been unable to come up with a single improvement. What price the human need for change and progress?

I am not suggesting that everything the Americans now do is fresh, new, exciting and different: all these old (and new) cop shows prove otherwise, as does

which is exploiting new techniques: their news services use more and more ENG (electronic news gathering) just as ours puts its experimental ENG gear back into mothballs and reverts to the prize game shows with solid celluloid like an old man choosing collars. And even in Twenty years on, ITV have been unable to come up with a single improvement. What price the human need for change and progress?

For evidence look at the late night series about an American newspaper: *Low Grant* (assuming



Cathryn Damon and Katherine Helmond in 'Soap'

lon Behind Closed Doors, the coverage of the Sadat peace initiative, and Holocaust come immediately to mind. What has any British television company done that has created similar interest?

Among our own programmes the biggest bit of bullshy one year has been reserved by the broadcasters for Bruce's *Big Night*—a large and unwieldy package of entertainment containing a few goodies, such as Bette Midler and the manic Rod Hull and Emu in the opening show, for instance, but mainly for its artistic antiquity. The Glucks, astonishingly, are nearly as good on television as they were when Mulr and Norden's marvelous scripts were first heard on BBC radio some 20 years ago.

More to the point, the idea as a whole is merely a reworking of what is already on television

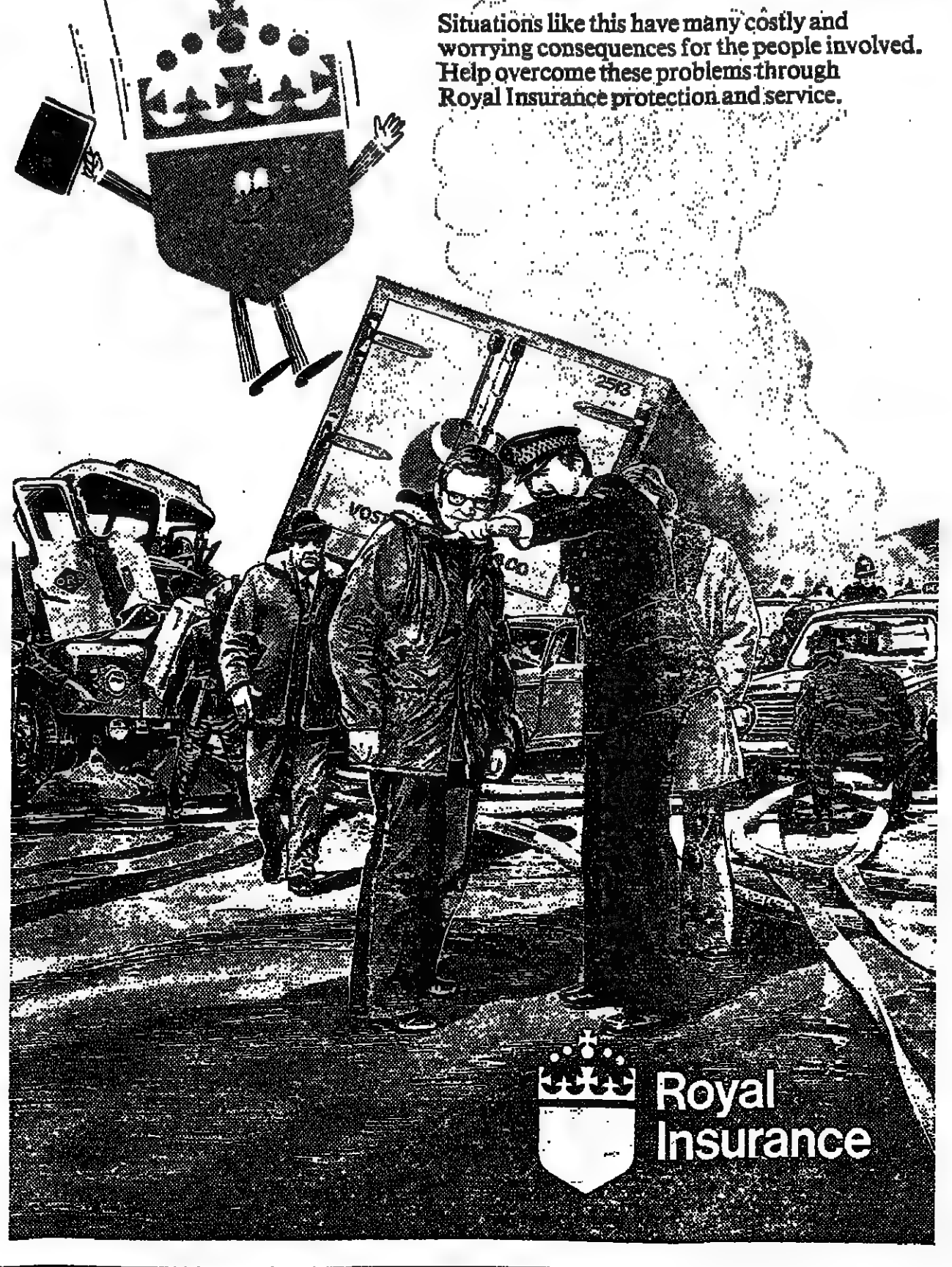
it is shown in your area: if not, ring up and demand it. Some of its characters are stereotypes, but its plots do usually seem to be engaged with the world we live in, rather than with some received notion of a world which exists only in videotape libraries.

Above all, look at *Soap* (if you are in London late on Fridays, if not, ring, etc.). A parody of previous American soap operas, this series features two families blithely dealing with Mafia murderers, homosexuality, race, blackmail, adultery, and so on as though they are all outings to the hairdresser. Its acknowledged aim is to parody the way the world after all the years we have had of prissy parochial British sitcoms carries all the invigorating shock value of an early *Stepie* or *Till Death*.

Of course in those days it was British television which habitually broke new ground.

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# Onwards from Camp David

NEGOTIATIONS on the drafting of the bilateral Egyptian-Israeli peace treaty open to-morrow in Washington with good chances of a deal being concluded between the two sides. Little has occurred since the Camp David agreement to put in doubt that part of the original framework texts which Mr. Begin and President Sadat signed last month. But the other part—that concerned with a wider Middle East settlement—has met with a cool response in the rest of the Arab world, despite all the efforts of the American Administration to underline the opportunities it could offer in the future.

The immediate difficulties over the interpretation of what was agreed at Camp David appear to have been overcome, despite Mr. Begin's insistence that the end to the West Bank is purely temporary. But the longer the negotiations are prolonged the more opportunity there will be for different nationalists in the conflict to relive the questions necessarily kept out of the original accords.

**Vagueness**  
King Hussein of Jordan has refused to get involved in any negotiating process until he has received assurances on the future of East Jerusalem, about the sovereignty of the West Bank, and about its future after the transitional period. The Israelis have refused to blur their position on these issues, and their uncompromising attitude is scarcely calculated to encourage the negotiating process.

The ambivalence of Saudi Arabia and Jordan towards the Camp David agreements, despite their natural desire to co-operate with the U.S., makes it all the easier for Syria to adopt a policy of outright hostility. Unless the Syrians are brought into the negotiating process, there can be no stable peace in the Middle East; yet until now there has been no mention of the Golan Heights, which is the only territorial point of direct interest to Syria.

For the time being Syria is

in no position, even if it were militarily strong enough, to express its hostility to Camp David in other than diplomatic and rhetorical terms. It is deeply embroiled in the Lebanon, where the long-running conflict between the Christians, the Moslems and the Palestinians permanently threatens to erupt into full-scale war.

The danger of a wider war is particularly great, since the centre of the conflict is between the Syrians and the Christians, who have long been supported, directly and indirectly, by the Israelis. Neither Syria nor Israel has any interest in provoking an enlargement of this conflict, but the danger remains. The main question now is whether the hard-line Arab states—Syria, Algeria, Libya, South Yemen—can strengthen their position enough to mount an effective challenge to the Washington talks. They recently decided to build closer links with Moscow, but even if Syria should get major new supplies of arms from the USSR, its military position will still be weak compared with Israel.

It would be a different matter, however, if these hard-line states were to be joined by Iraq, which is not merely the second largest Arab oil producer, but also has a substantial army. It is in this context that President Assad's decision to visit Baghdad for an Arab summit next month takes on its fullest significance. Damascus and Baghdad have long been on bitterly hostile terms, and it is questionable whether they can easily overcome this hostility. If they did, however, the balance of forces on Israel's northern border could be completely altered. The Iraqi offer to provide troops for the Golan Heights, and to subscribe \$1bn to a campaign to stop a separate Israeli-Egyptian peace, should not necessarily be taken at face value. Were they to make any actual moves down this road at the Baghdad summit, however, the prospects for any progress towards a broad Middle East settlement would be sharply reduced.

# Financial cost of real growth

THIS MONTH'S clearing bank figures are rather better than expected, showing a standstill in lending after allowing for the normal seasonal drop; the figures for government borrowing are rather worse than forecast. Both series, however, are rather distorted. Their underlying message seems to be that while the growth of domestic credit remains under control, there is precious little room for the unexpected; and that competition for credit has driven up its cost in real terms.

**Corset controls**  
The banking figures themselves say much more about the operation of the corset controls than about the underlying demand for money and credit. The banks have been constrained to limit the growth of their deposits. The result, as expected, has been to depress money market rates—although these have risen in response to U.S. rates in the weeks since the September banking month ended. The wide spread between the cost of loans related to base rates and the return on money market funds encourages borrowers to switch from overdraft to other forms of credit—money market loans, acceptance credit and perhaps direct inter-company lending.

Quantitative control of bank portfolios, whether of liabilities or assets, always forces business into these parallel markets, and some of the business so displaced by-passes the banking system altogether. The official figures become harder to interpret, and may not capture the full growth of private credit demand. There has probably been a modest easing in the growth of loan demand, but the clearing banks are no longer meeting it.

One reason for the buoyancy of loan demand can be seen clearly in the new figures for company finances in the second quarter. This was the period when output began to rise at a fairly rapid pace, and investment spending was also recovering. At the same time competition—both import competition and home-grown competition in retailing—was compressing profit margins. The need to finance rising output, and the lack of internal funds for the purpose, pushed the financial

deficit of the company sector up to £140m—a far higher credit requirement than was envisaged in April. Subsequent figures for output, profits, investment and bank lending suggest that the second quarter pattern has persisted.

Accelerated growth and investment in a highly competitive economy, the natural growth of revenue which results from improved income and spending would enable the public sector to reduce its own credit demands, and so make room for private sector growth. Unfortunately the figures for government borrowing show a very different picture. Revenue is so far a little behind forecast, though this lag will no doubt be made good in due course. Expenditure, on the other hand, has risen sharply. Happily this is not because the cost of supply services is getting out of hand, as has happened in the past. The main culprit is a sharp rise in the cost of debt service—the result of a borrowing requirement which has from the start been too large for comfort. This has been compounded, ironically, by the strength of sterling. Some nationalised industries have chosen to repay foreign borrowings, adding to sterling borrowing at higher interest rates.

**Shock-proof**  
So far the heavy combined weight of public and private borrowing has been contained within the official limits for credit and money growth, thanks to high private savings and high interest rates. Indeed, rates on long debt have remained high enough in real terms to render the market in government stock almost shock-proof in recent months, and funding (some of it in the very temporary form of certificates of tax deposits) has been adequate. We seem to be avoiding the annual funding crisis by a structure of interest rates which discounts almost anything short of disaster. However, the cost of these rates to taxpayers and to ratepayers must put some damper on future growth. Ministers who boast of the renewed health of the real economy should be the first to see the need to cut off



The men in the Plessey story (left to right): Mr. Michael Clark, deputy chairman and a deputy chief executive; Dr. Bill Willett, who resigned yesterday as a deputy chief executive; Sir John Clark, Plessey's chairman and chief executive; Mr. Eric Fry, who resigned last Christmas as a deputy chief executive and finance director; and his successor in the last post, Mr. Peter Marshall.

# The problems of Plessey

BY MAX WILKINSON

THE RESIGNATION of Plessey's deputy chief executive, Dr. Bill Willett, announced yesterday, is bound to add to the speculation which has been hanging over the company for some time.

The company has been the subject of continual rumours of a take-over by its much faster growing rival, Racal, which makes higher profits than Plessey on less than a third of the sales. Although Mr. Ernest Harrison, Racal's chairman, makes no secret of his desire to obtain control of Plessey's military and communications business, a full take-over bid is unlikely at least a present. However, frequent discussion of the possibility among City analysts (illustrates the unease with which Plessey is now viewed).

This uncertainty about Plessey's future is reflected in government circles, because Plessey, with sales last year of £611m, occupies a strategic position in the electronics industry. After the General Electric Company, it is much the largest in its field in terms of sales. Moreover, Plessey's expertise and research is an important national resource with a high international reputation, particularly in defence and radar systems.

In a nutshell, Plessey's trouble is that it has failed to use its engineering expertise to make enough profit. Last year's pre-tax profit of £42.9m was not sufficient to meet all the demands of the expanding side of the business and at the same time to provide substantial sums for redundancies and to pay the dividend. For several years it has had to increase borrowings or call on shareholders for new funds in order to cover the short fall.

Admittedly the company has had to pay out £27m over the last two years mainly as redundancy payments in its telecommunications factories, which it regards as "extraordinary items." On the other hand, the change from old electronic mechanical telephone exchanges to the newer electronic switches was hardly a bolt out of the blue. It had been discussed for at least a decade, and it could

he argued that Plessey should have anticipated and softened the blow.

Certainly Plessey cannot be blamed for the often lamented failure of the British telecommunications industry to keep pace with international markets. The Post Office has to take a great deal of the criticism because of the stifling effects of its ordering programme and of the narrowness of its specifications. However, the fact is that Plessey was not able to use the substantial profits of the 1960s to develop products which would give it a significant presence in world markets, as L. M. Ericsson of Sweden did.

Outside telecommunications, Plessey has a mixed record. First its success: the fastest growing part of the business has been in electronic systems and equipment, which includes military radio and communications systems, avionics, marine equipment (mainly sonar for the Navy). This part of the business has more than doubled its sales since the year ended 1974 and now contributes 30 per cent of the group's profit compared with less than 5 per cent five

years ago. However, it must be remembered that this business is in an expanding market where Marconi, the General Electric Company's subsidiary, has shown a dramatic increase in sales. Racal, operating in the most profitable sector—small military radios—has far outperformed Plessey with aggressive overseas marketing. Its profit last year of £50m was five times

the 1975 level while its turnover of £183m was 50 per cent up on the previous year's level. As one analyst commented: "If Plessey had been better managed, it would have been more of the business and the profits which went to Racal." In other parts of its business, Plessey's experience has been less happy. Garrard, its consumer electronics subsidiary making record changes has been a poor performer. Since 1974, Garrard has lost £9.6m in spite of having about £6m pumped into it for new product development. New products, some of which were late on the market, failed to stop the declining market share in the U.S. As a result jobs in the Swindon plant have been steadily run down from 4,000 in 1973. Last month the company announced that a further 1,250 of the 1,380 remaining jobs are to be axed.

In electronic components, operating profits last year were nearly 30 per cent below their level in 1974, though there has been a steady improvement from the slump in 1976. Sales volume has been stagnant, and the company has been in a state of almost continual uncertainty about what it should do with its semiconductor operation.

The world semiconductor market has been growing much faster than that for other components, but Plessey has not been prepared to commit the very large investment which would have been needed to compete with the Americans and Japanese in the major product lines.

In view of the consistent unprofitability of all European semiconductor manufacturers, Plessey may well have been right to limit its risks in this highly volatile market. However, the fact remains that semiconductor manufacturers have emerged in the last year as a highly important part of national strategy for the electronic industry. The National Enterprise Board is to invest £50m in a new venture while GEC is linking up with Fairchild to build a major new factory. Plessey has in effect been by-passed. Instead of developing an international cap-

THE FINANCIAL PICTURE				
Financial years in £m				
	1977-78	1976-77	1975-76	1974-75
	(£ mds)			
Sales	611.1	568.8	490.1	318.9
R & D	78.5	62.6	50.6	35.9
of which company funded	21.6	15.1	15.3	12.0
Profits before tax	42.9	40.3	34.8	27.3
Profits after deducting tax, minority interests, extraordinary items and dividends	4.6	0.3	11.4	4.2
Spending on fixed assets	24	34	31	18
Net working capital	8	11	6	7

Source: Plessey's annual accounts

The uncertainty of its future direction has been emphasised by recent changes at the top. At Christmas Mr. Eric Fry resigned from the post of deputy chief executive and finance director after 12 years in the latter job. The reason given was ill health.

However, it appears that there had been considerable tension between him and Sir John Clark. Now the departure of Dr. Willett (said to be on unpaid terms) leaves another large gap at the top.

The Chief Executive, who controls the company, set up as "a new year resolution" by Sir John in 1976, basically, it was thought, bringing more non-family expertise to bear on the running of the company. It consisted of Sir John, his brother Michael, deputy chairman, Dr. Willett, Mr. Fry and Mr. W. Simshelmer, head of the V operation.

Of the five, only the Clark brothers and Mr. Simshelmer remain. The question is whether they will be able to exert the investigating influence which the company now has if it is to achieve its aim of improving its return on capital from the present 18.3 per cent to a more healthy 20.25 per cent.

Plessey is not in difficult financial straits. With sales and profits increasing even at a rather slow rate, a healthy order book, it emerges on a steeper growth path. On the other hand, the steady decline of the 1960s when Plessey's sales and profits were in the English Electric and other electricals are over. Had there been the possibility that will be broken up, with telecommunications in some form, national conglomerates, the profitable military sector very vulnerable to a takeover.

To the outside world, Willett's departure must be a question mark.

Sir John, for his part, is enthusiastically about the situation to a marketing oriented company and enthusiastically about the prospects which result.

# MEN AND MATTERS

Scouting victory in Brighton

Holiday rather than hard work was the mood in Brighton at the start of the Conservative Party's conference, though it was surprising to see William Whitelaw slowly humping two suitcases down a Brighton platform into a waiting red Mini. Surely the party's grandees deserved better? But once down on the esplanade the delegates quickly settled down to enjoying what was turned out as a sunny interlude in the autumn of this Parliament.

Entering the Conference Centre required running the gauntlet of pamphleteers asking me to safeguard Britain, to join the Trident Group (a radical splinter from the Monday Club, I learned), to debate proportional representation, to listen with the Bow Group to Edward Heath, and to "put animals into politics." This last demand turned out to involve concern over blood sports, though that can hardly be expected to be a

prime target of the Conservatives.

Inside all was in ebullient preparation for the Conference theme of "Conservatives, The Next Government." The Tory bookstand was busily selling a range of written weaponry to help in this aim. Last year Ian Gilmour's "Inside Right" had been the best seller. This year, I was told, it is proving to be "Right Turn," a description by Reg Prentice and others of why they changed their minds and joined the Tories.

I could understand why the stand was selling "Tony Benn, A critical study" by Daily Telegraph leader writer Russell Lewis but why "Conservative Dissidents, 1970-74" by Philip Norton? "Oh, you cannot hide these things," was the answer. And the Labour Party Programme? "Our members need to know what our opponents are up to."

**Monday message**  
Just along the road at the Bedford Hotel the Monday Club gathered for a lunchtime meeting, to be told by that spokesman of the rising radical right, Rhodes Boyson, that the sun was shining for it. Putting Tory Principles into Practice was his theme, but it was the principles on which he concentrated, spelling out Toryism red, or rather blue, in tooth and claw.

According to Boyson, Toryism was anti-gaillardian; it accepted the Fall of Man; it believed today's state was using people as serfs; and it stressed obligations, not rights. There was the occasional "hear hear" to all this, and rather louder acclaim for his insisting that the Soviets were not arming in order to win the Edinburgh Tattoo. Reasserting Tory ideals was what he stressed and without hesitation he insisted that Disraeli had been wrong in reach the seabed.

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01/10/78



# Why the French said 'non' to Lucas

"PEUGEOT—yes. Lucas—no. world's leading gelatine maker, Airbus—maybe." Thus one Paris financial newspaper summed up last week the state of play between France and the UK on the three big industrial questions being negotiated between them.

Britain had approved the Peugeot-Citroen takeover of Chrysler UK, the argument over conditions for British participation in the Airbus consortium appeared to be edging towards compromise, but the attempt by Lucas of the UK to extend its 49 per cent stake in the French electrical motor components company Ducellier to full ownership had been turned down, and a French group, Ferodo, had nipped in to emerge with a not majority control of the capital, at least majority voting rights.

The coincidence of the two motor industry decisions, despite their disproportion in size and importance, caused bitter British reaction. The Lucas chairman, Mr. Bernard Scott, had made a pilgrimage to Paris to see both M. Jean-Paul Parayre, head of Peugeot-Citroen, and M. Bernard Verrier-Pallice, the chairman of Renault, to argue the case for the Lucas bid. He came away reassured that both men had indicated their preference for Lucas in the interest of maintaining competitive sources for components. Lucas announced it was going to court to assert its rights to pre-emption of the 51 per cent stake in Ducellier previously held by DBA (Bendish).

It was recalled that the French arm of British Petroleum had only recently been frustrated in its attempt to acquire (with the full consent of the company) the

gone out of fashion? "My dear fellow," remarked a senior man in the Treasury with a plying look, "don't you realise? Half French industry depends on the Government for subsidy and the other half depends on it for State contracts. You are not telling me that in these circumstances everyone can go and do as they like."

Exaggerated, certainly (Peugeot-Citroen, for example, doesn't owe the Government a bean) but eloquent of the attitudes which are brought to bear on industrial restructuring. What, then, are the principles which underlie decisions about foreign participation in French industry? Technically, control of investment is based on con-

pressed. They are expressed precisely because for the past decade (if one wants to pick a date, the publication of M. Jean-Jacques Servan-Schreiber's book, *The American Challenge* in 1967, will do) the Government has strained every nerve to restructure French industry.

Since the oil crisis, these efforts have received new impetus. "A lot of our industry is in severe financial trouble," the Treasury admits "and it's dirt cheap to buy."

The Lucas-Ducellier affair illustrates the policy of creating competitive French representatives in world markets. The Ferodo group is the product of years of merger. SEV and Marchel came together before

French market, decides to take up the challenge. There is a price war in France. What happens? Ferodo is slaughtered between Lucas and Bosch. And then what would happen to all that careful planning about electrical motor control? Lucas, quite simply, came along three years too soon—before Ferodo was ready to compete.

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If industrial restructuring is the pre-emptive yardstick by which investment is judged, what are the others? One is the need not to duplicate sectors where the state has committed substantial money to create a French technology. Computer peripherals come into this category.

Another is the anxiety not to let foreign investment get beyond the "saturation" point in certain sectors. Pharmaceuticals is now a closed sector, since almost 50 per cent of French pharmaceutical production is in fact controlled by

being taken over by Ferodo, and Cible and Paris-Rhone joined forces before also being absorbed, at Government request (to request which has the force almost of a command) into the Ferodo group.

Now the whole idea of this was to create, eventually, a French electrical motor components group capable of embracing the advancing technology of electrical motor control equipment and, more immediately, a group with a modern range of conventional equipment including alternators and starter motors.

A Ministry of Industry official takes up the story: "Along comes Lucas. Lucas has a more advanced range of products than Ferodo. Let's be honest. It is more resourceful in technology and has a much better commercial network. Imagine that it takes full control of Ducellier. Bosch, the real enemy, at the moment without much of a presence on the

control of foreign exchange. The criterion is the effect on the balance of payments—but in a very wide sense. The immediate currency inflow is but one element considered. The short, medium and long-term effect on the capacity of French industry to earn its livelihood by exports is equally taken into consideration.

Leaving aside the creation of a completely new activity by foreign interests—which is discouraged—the threshold is 20 per cent for the taking of a direct stake in a French company. Below that, there is normally little difficulty in acquiring a stake unless other elements—marketing arrangements, for example—are associated with the deal which give the partner a stronger effective say than his formal stake represents.

But when the stake creeps above 20 per cent in an established concern, then reservations begin to be ex-

pressed. They are expressed precisely because for the past decade (if one wants to pick a date, the publication of M. Jean-Jacques Servan-Schreiber's book, *The American Challenge* in 1967, will do) the Government has strained every nerve to restructure French industry.

Since the oil crisis, these efforts have received new impetus. "A lot of our industry is in severe financial trouble," the Treasury admits "and it's dirt cheap to buy."

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BY DAVID CURRY IN PARIS

## Aggressive

But for France to compete in world markets and earn enough to balance her trade, she must have big, aggressive, technologically advanced, well-financed companies to carry the flag. She can only do this by whole-sale restructuring of industrial sectors—and heaven help anyone, foreign or French, who gets in the way.

But what about the new liberalism? Has not dirigism

what government is doing in our name.

If your reporter had succeeded, in his struggle to obtain information, in contacting Tony Benn himself, he would have learned that the Energy Secretary is in fact in direct contact with King.

8, Elstead Road, N21.

## Skilled worker shortage

From Mr. J. Stride  
Sir—Having been employed by a company within the Lucas Group as a skilled blue collar worker for many years, I read with interest the three articles by Richard Cowper (September 25, 26 and 27) regarding skilled worker shortage.

Here in tabulated form is the relative benefit of the pension scheme operated by my employer for works and staff, the sickness benefit scheme, operates in a similar way, giving the staff employee considerably more benefit than the skilled worker; as details of this scheme, however, are difficult to obtain I will confine my letter to the pension scheme.

I think it is relevant to say here that after 37 years' service with the company my maximum sickness benefit is 12 weeks' net pay, for six weeks of which the company will pay my pension obligation, and it is only since 1976 that I have been paid average earnings for holidays.

From the following and the foregoing it is obvious why there will continue to be a shortage of skilled workers.

The tables assume that two employees join the pension scheme at 22½ years old. One is a clerical capacity to the staff, the other a time-served apprentice to the works, each earning £4,000 per annum.

1/60th Staff  
Full retirement at 62½ years.  
£4,000 x 40 years.  
Full pension at 62½ years.  
£2,560 p.a. = £49.23 per week.  
Maximum lump sum £8,000 taken reduces pension by 1800 p.a. to give £37.23 per week.  
Cost for 40 years ..... £9,600  
Less tax ..... £3,264  
Net cost ..... £6,336  
Death benefit = £4,000.

During the extra 2½ years' service of the works employee, the retired member draws a total pension of £4,900 plus any benefit from the lump sum if invested, plus £8 per week bridging pension until receipt of state pension.

J. Stride  
85, Chatsworth Crescent,  
Hounslow, Middx.

## Unemployment benefits

From Mrs. H. Parker  
Sir—I have followed with interest the correspondence in your columns on unemployment benefits, and it seems to me that two separate questions have become confused. The first is whether or not spending power differentials in and out of work are now too small, and the second is the extent to which the unemployment figures are affected by this anomaly.

The first is proven beyond all reasonable doubt. The Chancellor himself has said so publicly on a number of occasions. Those worst affected are family men and school leavers, but anyone with low earnings potential is likely to find work not worth the effort for an indefinite period, while for an indefinite period, once tax and work expenses are taken into account. And, because of the tax refund anomaly, of tax free benefits. Effort will

1/60th Works  
Full retirement at 65 years.  
£4,000 x 42½ years.  
Full pension at 65 years.  
£2,125 p.a. = £40.56 per week.  
Maximum lump sum £8,000 taken reduces pension by £800 p.a. to give £32.56 per week.  
Cost for 42½ years ..... £7,560  
Less tax ..... £2,601  
Net cost ..... £4,959  
Death benefit = £2,000.

Fortunately for Britain most people still work, despite the system. But they are increasingly angry and frustrated, and this frustration shows itself in a number of ways, not least in wage demands which appear excessive, but which are actually the only way by which family men can escape the effects of the poverty trap.

Mrs. Hermione Parker,  
(Research Assistant to Ralph Howell), MP.  
Nettlefield,  
Pirbright, Surrey.

## Pitifully low productivity

From Rosena Mills  
Sir—Ruth Lister (October 3) is absolutely right when she says that the answer to the whole problem lies in a return to a high level of economic activity, but increased economic activity rests on increased demand. We will not get increased demand until we achieve increased productivity and as Kenneth Macintyre says (October 5) it is at present "pitifully low."

Increased productivity basically rests on reducing or containing costs and increasing effort. However, costs can only be increased by the wage inflation inherent in the whole system of tax free benefits. Effort will

From Li. Col. C. P. M. Mulloy  
Sir—Like Major General Cowley (October 5) my war on moles has passed from the defensive to the offensive. Reconnaissance shows that the mole "surfaces" punctually every four hours. Hence, as evidence of advance is usually directed at the enemy can be attacked with real military precision!!

Michael Mulloy,  
The Old Vicarage,  
Tongue,  
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## Today's Events

Conservative Party Conference to debate emergency motion on Rhodesia condemning Government for failing to use opportunity presented by the internal agreement to establish a democratic government there: Mr. Edward Heath addresses Conservative Youth Forum.

Mr. Huang Hua, Chinese Foreign Minister, visits UK, meets Mr. James Callaghan, Prime Minister, and Dr. David Owen, Foreign Secretary.

Meeting of Trades Union Congress economic committee—discussions on pay formula and inflation.

Pre-Motor Show statement by Sir Barrie Heath, president of the Society of Motor Manufacturers and Trades Association.

Confederation of Shipbuilders and Engineering Union expected to receive full report on working party agreement for shipyard wages.

Japan and USSR begin three-day bilateral trade talks, Tokyo.

Mr. Edmund Dell, Secretary for Trade, visiting Canada and the U.S.

European Parliament in session, Strasbourg.

Sir Peter Vaneek, Lord Mayor of London, attends luncheon with chairman and the Board of National Coal Board at Hobart House, Grosvenor Place, S.W.1.

London Chamber of Commerce

## Today's Events

Interim dividends: Airfund, Christies International, Collett Dickinson Pearce International, Empire Stores (Bradford), External Investment Trust, E. Fogarty and Co, William Pickles and Co, Transatlantic and General Investments, Weeks Associates.

COMPANY MEETINGS  
Bills and Everard, Grand Hotel, Leicester, 12. Group Lotus Car Companies, Norwich, 12.15. Nuar River Rubber, Plantation House, Vineyard Lane, E.C. 12.30. Suter Electrical, 33, Bunsell Street, E.C. 11. Warner Holidays, Waldorf Hotel, Aldwych, E.C. 12.

SPORT  
Soccer: League Cup, third round replay, Reading v Rotherham. Rugby League: Warrington v Australians. Badminton: World Championship night, Wembley.

Final dividends: Consolidated Gold Fields, Lawtex, Lockwoods Foods, London and Strathclyde Trust, Moran Tea Holdings, Wombell Foundry and Engineering.

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Mr. Bernard Scott, chairman of Lucas Industries.

It would be quite wrong to French preoccupation—national assume that foreigners are independence. There may not always the victims of Government policy. Some three years ago the State motor group Renault sought Government approval to negotiate the acquisition of certain assets of Chrysler in Europe. It was refused on the grounds that it would open up a politically embarrassing gap between the State and privately-owned motor sector in France and would be attacked as covert nationalisation.

But where, after all, does this leave the new liberalism of Prime Minister Raymond Barre, even acknowledging the problems of state financial assistance as a customer? It might be objected that when the Treasury so manifestly regards industry as a sort of private domain to be shuffled around in pursuit of a grand plan, freedom of pricing and even of employment policies is no more than icing on a burrowed cake.

The Government might reply differently. "The whole object of the new liberalism is to give industry the means to compete internationally. You can't do that if you leave it open to foreign domination."

As with most definitions of economic doctrine, you pay your money and you take your choice.

Small stakes  
Typically, the window-dressing was careful. Case's stake was kept to a minority, even though it took effective direction of the business. A series of major French names, including Renault, took small stakes as guarantees of the French character of the business.

France has never shied away from calling upon American technology and capital to redress a technological deficit. Its computer industry was deliberately divorced from the European Undata consortium (because of fear of dominance by the German company Siemens) and linked with Honeywell-Bull. Again, the capital structure was carefully camouflaged in French colours.

France is at the moment negotiating the acquisition of U.S. technology in microelectronics.

When France decided to gear its first-generation nuclear power programme around the Westinghouse licensed pressurised water reactor it did not hesitate to order a large-scale redistribution of industrial assets in order to create one large group (Empan-Schneider) in charge of the reactor technology and another (Compagnie Generale d'Electricite) of turbo-alternator supply.

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# COMPANY NEWS

## Grattan down 26% so far after catalogue setback

A DISAPPOINTING performance from its spring summer catalogue, combined with increased expenses, resulted in a 26 per cent drop in pre-tax profits of Grattan Warehouses, the mail order firm, from £8.09m to £4.47m for the 28 weeks to August 12, 1978. Sales, net of VAT, were up 14.7m to £84.1m.

Mr. J. M. Pickard, the chairman, says the spring summer catalogue got off to a good start, but demand fell off in May and June, although it improved before the end of the season.

Demand for the new autumn winter catalogue is up to expectations but has tended to concentrate in the fashion sections of the catalogue, he states. It is therefore, too early to forecast whether this demand can be fully satisfied and be translated into a significant sales increase.

The directors are planning further increases in the number of lines in the catalogue and a stepping up of recruitment of new agents, which combined with a more competitive pricing policy, reflects the company's strategy to increase sales and future profitability, Mr. Pickard explains.

At the same time, work on sales office computerisation and distribution systems is being intensified, all of which are part of the company's planned medium-term programme to improve both



Mr. Gordon Palmer, chairman of Associated Biscuit Manufacturers. . . profits virtually unchanged reflecting difficult UK trading.

capacity and speed of service. In the short-term, expenses will increase as a result of this but the directors have indicated a major new cost reduction programme, paid from £11.7m taxable profit, throughout the business.

The net interim dividend is 1.78p (1.70p) per 25p share, costing £755,540 (£774,400) — the previous year's final was 3.80p, paid from £11.7m taxable profit. See Lex

## Bowthorpe sees peak after £0.3m increase

INCLUDING ASSOCIATE contributions ahead from £86,000 to £265,000 taxable profit of Bowthorpe Holdings increased from £3.01m to £3.3m in the first half of 1978. Directors expect the level of profit to be maintained for the rest of the year, pointing to an increase on last year's record of £3.2m.

Turnover for the half year was £3.06m higher at £21.89m and after tax of £1.56m (£1.23m) and minority interests attributable profit is given at £1.64m (same). Earnings per 10p share are shown unchanged at 4.1p.

A maximum permitted interim dividend of 0.838p is to be paid compared with 0.75p last time. For 1977 an 0.87p final was paid. The group is concerned with the design, manufacture and sale of accessories and components mainly for use in the electronics, telecommunications, aerospace and electric supply industries.

Directors say the contribution from Compagnie Deutsch, a French associate, improved considerably over the corresponding period of last year. The U.S. subsidiary, Tyton Corporation, has moved into new, larger premises and continues to make excellent progress.

In the UK the move of Heller-mann Electric from Crawley to Plymouth has been accomplished without any reduction in sales activity.

Mr. Ray Parsons, deputy chairman, says that while he is concerned that the unsettled situation on the national pay front could adversely affect the UK economy, he anticipates that the current level of profit will be maintained for the remainder of the year.

### comment

Bowthorpe's first-half results are much in line with the company's forecast in the annual review. Against a background of depressed markets for electrical accessories and components, profits are a tenth higher on a sales rise of 16 per cent, a figure which contains little volume gain. As in the previous year, most of the growth appears to have come from overseas subsidiaries (around half of group profits), which have benefited from the stability of sterling. In addition, the Cie Deutsch associate has made a strong recovery, thanks to higher prices and increased output. But at home the immediate outlook remains dull with the uncertain wages picture casting a shadow over the medium term. Also, the re-organisation of EMP is taking longer to complete than at first anticipated. However, last year's £4m expenditure programme in Germany, the U.S. and the UK should start to make an impact soon and there will be a small contribution from Redpoint, the new acquisition. If the company's forecast of doubled first-half profits is achieved, then the shares, at 43p, are on a prospective p/e of 8.8 while the yield is 4.2 per cent.

### BRAID GROUP

Braid Group, North West car and commercial vehicle distributors, mainly Vauxhall, has acquired for cash the capital of Rowland Winn (Barnesley) and Rowland Winn (Baldley), also Vauxhall distributors.

## Associated Biscuit steady at £4m as UK side drops £1m

WITH A £1.03m drop in UK trading profits offset by an increase in overseas from £0.5m to £1.57m taxable profit of Associated Biscuit Manufacturers was little changed at £4m compared with £4.02m in the 36 weeks to September 10, 1978. Sales for the period were ahead from £116.54m to £129.18m.

Mr. G. W. Palmer, the chairman, says that in the current uncertain economic and political climate it is unwise to make any forecast for the year. For 1977 profit was a record £10.55m.

He says the difficult UK trading conditions referred to at the AGM have continued and particularly affected profitability in the chocolate and speciality division and the packaging and light engineering divisions.

Profits from France were satisfactory and Canada is showing an improvement. In India the holding in Britannia Biscuit Company has been reduced from 30 per cent to 35 per cent and its profits were adversely affected for some months by a prolonged strike at its Bombay factory.

The pre-tax profit is after interest of £1.4m (£0.94m) and includes associate contributions of £723,000 (£767,000). Net profit came out at £2.25m (£2.94m). After minorities of £39,000 (£50,000) credit earnings per 20p share are shown down from 6.6p to 4.3p.

The interim dividend is lifted from an adjusted 1.405p net per 20p share to 1.686p. A total of 3.35p is permitted for the year. Last time a 1.686p final was paid.

### comment

ABM has faced some tough problems in the home market, but

### HIGHLIGHTS

Despite market optimism Grattan Warehouses has failed to buck its disappointing profits trend with the first-half shortfall at over £1m and the Board is now pledged to a three-year programme to put the company back on its feet. Lex also takes a look at the latest banking and government borrowing figures as well as the new Treasury controls on dividends. Half-time profits at Associated Biscuits are unchanged with a better showing overseas offsetting a rather sluggish UK market, but the outlook looks more encouraging. Amalgamated Engineering is another company that has slowed right down in the first six months following a couple of years of rapid growth. In contrast Farnell Electronics has turned in a sparkling first-half performance with profits 62 per cent higher and there seems to be no slowing down in the pace. Waterford Glass is another to show sound growth with profits over 30 per cent higher at the interim stage, but Bowthorpe, in a rather depressed market, has turned in profits only 10 per cent higher.

formances have been achieved in Canada (though in sterling terms it is less exciting) and in France. Two recent acquisitions by Salerno and Diekmann, should make an impact in the second half and with better UK biscuit sales the outlook is better. One outside estimate pitched at close to £10m pre-tax for the year. However, the new management still has a lot of work ahead to transform this historically rather sleepy company. Plans to produce more "own brand" biscuits, new products and cost cutting company. OP was affected by a fall in demand for wafers and the packaging costs (traditionally a highly cyclical operation) was caught by a drop in demand for tea tins. Overseas, notable per-

## Waterford Glass up £1m after six months

A £1.1m advance in taxable profits to £4.7m is reported for Waterford Glass for the first six months of 1978. Turnover for the period was ahead from £45.25m to £57.11m.

The result is, after interest charges of £858,000 (£568,000) and depreciation of £408,000 (£387,000), after tax of £1.71m (£1.22m), profit emerges at £2.42m compared with £2.34m last year. Minority interests take £104,000 (£68,000) and earnings per share are given at 2.3p (1.7p). The interim dividend is stepped up from 0.5625p to 0.75p, 1977, from record profits of £9.23m, a 0.75p final was paid.

### comment

Another strong first half has seen Waterford well within a distance of its 24th successive year of record result. Above average growth in consumer spending in Ireland has underpinned a performance by the retail chain but in domestic car retailing the share is being eroded by a level of imports, particularly from Japan. But the group's best activity, its crystal and china production and sales, continue to its profit powerhouse. Price increases have offset the effects of the weakening in the U.S. and export sales in sterling terms are in line with budget expectations. The group's maintenance programme has been maintained, the share price edged up to 104p, a pre-tax figure of around £11.5m, a full year p/e of 14.4, the first half rate of dividend increase is maintained for the year the prospective yield is 10 per cent. At this level the stock looks fairly priced even allowing for the fact that Irish stocks are better than their English counterparts. Waterford has a fine growth record but the current increase does not appear sustainable in the medium to long term.

## Hawtin set to restore dividends

IN LINE with the improvement forecast at the annual meeting, Hawtin rose from £249,000 for the six months to July 31, 1978, on turnover of £3.69m against £3.34m. Last year's surplus was £733,000.

The directors state that after a year of restructuring and continuing during the last months, a recommendation to return to the dividend will be anticipated with the payment of full year results—the payments were in 1973.

First half profits were £1.1m after interest of £284,000 and depreciation of £184,000, resulting from £1.1m of sales. Hollingsworth and Son and Specialists (Biggleswade) April 1, 1977.

Earnings per 5p share shown ahead from 0.61p to 0.75p before extraordinary items. After tax of £180,000 (£120,000) and minorities of £20,000 (£1,000) an extraordinary £170,000, last time, retained or emerged up from £170,000 to £240,000.

The group's interest in protective clothing and equipment.

## Two Sears companies improve

Two Sears Holdings subsidiaries reports much improved results in the first half of 1978 while the subsidiary Napier Webb reports a dip in pre-tax profits from £1.11m to £1.09m in July 31, 1978, half year.

Turnover at Napier and Webb was £13.53m (£11.65m) and the suit was after interest of £234 (£119,000) and non-trading profit of £33,000 (£3,000) loss. Tax is £810,000 (£615,000).

At Sears Engineering last year pre-tax loss of £987,000 was averted into a £106,000 profit. Interest charges of £2.15m (£1.5m) after tax of £150,000 (£45,000) and minorities of £20,000 (£1,000) an extraordinary £170,000, last time, retained or emerged up from £170,000 to £240,000.

British Shoe Corporation's profits jumped from £16.58m to £22.4m after an interest credit of £1.41m (£1,000) and non-trading items of £174,000 (£502,000). A tax of £12.6m (£9.2m) net profit was £10.15m (£7.38m).

### WATER OFFER

Richman'sworth and Uthel Valley Water Company is going to raise £21m by way of an offer sale by tender of 7 per cent redeemable performance at 1985 at a minimum price of 37.50 p per cent.

### King & Shaxson

52 Cornhill EC3 3PD  
Gilt Edged Portfolio Management  
Service Since 1910  
Portfolio 1 Income Offer Bid 81.7  
Portfolio 11 Capital Offer Bid 130.0

## APE just ahead at midway

TOGETHER with reporting a rise in pre-tax profits from £2.03m to £2.11m for the first half of 1978, the directors of Amalgamated Power Engineering forecast a modest improvement in results for the second half of the year.

The net interim dividend is stepped up from 2.44p to 2.94p at a cost of £404,315 compared with £362,351. The directors intend to pay a maximum permitted final 3.28p from profits of £8.20m.

16 weeks to 30.8.78  
1978 1977 1976  
Turnover £2,096 £1,832 £1,418  
Trading profit 315 285 274  
Interest 149 141 127  
Share of Assoc. 38 125 189  
Profit before tax 3,112 2,832 2,296  
Tax 718 876 1,154  
Profit after tax 2,394 1,956 1,142  
Attributable 2,394 1,956 1,142

Orders on hand at June 30 amounted to £87.5m against £81.4m at January 1, 1978 and

£56.5m at June 30, 1977. This is a satisfactory position which is expected to be maintained, the directors state.

### comment

In the past two years, following the setbacks of 1975-76, pre-tax profits at Amalgamated Power Engineering have more than quadrupled. Growth, however, has now slowed down with interim profits this time only 0.1 p per cent ahead and margin a full point lower. The overseas contribution is down with the stronger pound making competition tough. But orders have now picked up in South Africa and, despite continuing difficulties in Australia, the second half should show some improvement. At home the profit increase has largely come from diesel engines and here APE seems to be doing better than some of its rivals. Demand for compressors and

turbines is good and the outlook for pumps is reasonable. Gears, however, continue to present the biggest worry. Formerly dependent on the new depressed tanker market, orders in this field have been difficult to replace. The share fell 7p to 149p where on full year profits of £7m the prospective fully taxed p/e is just under six. This seems an undemanding return given the company's cautious optimism not only for the second half but for next year as well. The yield is a reasonable 5.9 per cent.

### BRAID GROUP

Braid Group, North West car and commercial vehicle distributors, mainly Vauxhall, has acquired for cash the capital of Rowland Winn (Barnesley) and Rowland Winn (Baldley), also Vauxhall distributors.

We may have shocked some people with our growth



This generator rests on flanges and brackets of Permali densified wood laminates.

BTR play an important part in the development of heavy electrical equipment through insulation products such as Permali laminates. These help to support and brace the stator windings of large turbo-generators. Expanding use of reinforced laminates has contributed greatly to our growth in recent years.

We supply thousands of other products to the engineering, transportation, energy and mining industries worldwide. Vital components for cars, trains and planes. Hoses of all types. Heavy-duty conveyor belting. Oil platform steel-work assemblies. Rubber, plastic and engineering components.

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## First half advance at Farnell

WITH TURNOVER up £2.1m to £10.51m taxable profits of Farnell Electronics advanced from £1.13m to £1.83m for the half year to July 31, 1978. Last year, a record £3.14m was achieved.

First half earnings increased from 8.8p to 14.2p per 20p share and the interim dividend is lifted to 2.575p (2.31p) net—the 1977-78 final was 4.29p.

After a tax charge of £92,000 (£68,000) net profit for the period came out at £243,000 (£278,000). Dividends absorb £180,000 (£143,000).

Mr. A. E. Long, the chairman, will retire on January 31, 1979, and is to be succeeded by Mr. R. Kidd.

### comment

Farnell's first-half results pleased the market and the shares jumped by 10p to 43p. Profits are 63 per cent higher on a sales rise of a quarter, thanks to a strong performance by the two main subsidiaries, FEC and FI. Strong growth in sales of around a fifth, which is similar to last year's second-half gain, reflects an improving market share in a prime-growth industry. Apart from AC Farnell (consumer electronic goods), the company is now almost exclusively involved in the manufacture of power supply units and the distribution of semi-conductors. Last year the loudspeaker factory was closed because of production problems and low demand. The only disappointment in the results has been the exports performance, which has been hindered by the stronger pound. Otherwise, with business buoyant, the prospects continue to look good. If Farnell can continue to achieve volume growth at the same rate as in the past 12 months, then at least £42m looks possible for the full year. At this level the shares stand on a prospective p/e of over 13 while the yield is 2.6 per cent.

£830,000 net profit came out ahead from £0.51m to £0.83m. The company is a subsidiary of Perkin-Elmer Corporation of the U.S. and its principal activity is the manufacture of scientific analytical equipment. A dividend of 40p (20p) is to be paid.

## Midterm rise for Cartwright

FROM TURNOVER of £3.07m to £3.42m previously taxable profit of R. Cartwright (Holdings) advanced £33,400 to £92,000 in the first half of 1978.

Mr. J. C. Northam, chairman of the maker of door and window furniture etc., says satisfactory progress is being maintained despite the continuing low level of activity in the building industry. The contribution of group companies not directly involved in that industry continues to increase. For 1977 profit was a record £283,000.

The result is subject to tax of £203,800 (£154,800) and net profit came out at £188,200 (£143,000). Depreciation for the period was £74,800 against £84,200. Earnings per 10p share are shown ahead from 3.88p to 4.64p and the interim dividend is up from an adjusted 1.358p to 1.3p. Last time a 2.777p final was paid.

## W of E Trust progress

The accounts of West of England Trust reflect both the remarkable success of its investment management subsidiary, WofE Investments, and the commercial interests of the group to bring in three new wholly owned subsidiaries. A high level of retentions and the realisation of surpluses on both the sale and revaluation of

## Perkin-Elmer rises to £1.8m

From turnover of £14.17m compared to June 30, 1977, taxable profit of Perkin-Elmer rose from £1.64m to £1.83m in the first half of 1978. After tax of £963,000 against

## Ruberoid almost trebled at half way

TAXABLE PROFIT of Ruberoid, Babcock Contractors, as part of its turnkey operations division, rose from £1.13m to £1.83m for the half year to June 30, 1978. Turnover was up 7.6 per cent at £15.69m against £14.58m.

Mr. Thomas Kenny, chairman, reports that all the operating companies contributed to the improvement in profit, especially the construction company.

He says the glass fibre project is not yet profitable but that losses have been sizably reduced. There are better prospects for the future of the venture but it will not happen immediately. The financial condition of the group remains strong.

The group operates in a depressed sector of the economy but there are signs of improvement, says Mr. Kenny. The construction and paper industries are not yet showing the promised recovery but indications are that the profit for 1978 will exceed the £0.8m achieved in 1977. The interim dividend is lifted from 0.7p net per 25p share to 0.77p. A 1.557p final was paid last time.

### NEW BABCOCK COMPANY

A NEW company, Babcock Electrical Projects has been formed by

The maximum number of ordinary units which could be issued would be 1,098,972 making a total of 18,919,884.

The company has been advised by Montague L. Meyer that, following conversion of September 30 of the Meyer holding of loan stock, the total of ordinary units held by Meyer is 2,308,388 (12.84 per cent). Assuming full conversion into ordinary units of the remaining loan stock on November 30, this will be reduced to 12.20 per cent.

### Intl. Timber conversion

Holders of £1,112,532 10 per cent convertible unsecured loan stock 1990-95 in International Timber, exercised their right to convert on September 30. Following the conversion, ordinary units in issue total 17,220,712 and there remains in issue £989,075 of the loan stock.

Compulsory conversion notices will be posted to loan stock holders by the end of October.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total for year	Total last year
Anal. Power	2.95	Jan. 2	2.44	—	—
Associated Biscuit	1.25	Jan. 2	1.25	—	—
Barr & Wilce Arnold	1.25	Dec. 8	—	—	—
Bowthorpe Hldgs.	0.84	Dec. 15	0.75	—	—
R. Cartwright	1.38	Nov. 17	1.38	—	—
Estates Property	1.38	Nov. 22	0.51	2.36	—
Farnell Electronics	2.58	Nov. 24	1.78	—	—
Grattan Warehouses	1.70	Nov. 24	1.78	—	—
J. Halstead	0.38	—	0.38	0.8	—
T. C. Harwood	1.45	Jan. 3	1.34	—	—
Howden-Stuart	1.19	Dec. 12	0.58	—	—
Highland Electronics	1.19	—	1.07	1.19	—
Inter-City Investment	0.6	Dec. 11	0.3	—	—
Ruberoid	0.77	Nov. 28	0.7	—	—
Scottish Mercantile	0.07	Jan. 6	0.97	1.97	—
Waterford Glass	1.13	Nov. 20	1	—	—
Watts, Blake, Beame	1.13	Nov. 20	1	—	—

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.0416p for 1977. § Interims previously not paid.

## ISSUE NEWS

### Yearlings up to 10.625%

The coupon rate on the local authority yearling bonds is up from 10.1 to 10.625 per cent. The bonds are issued at par and dated October 17, 1982.

This week's issues are: Kirklees Metropolitan Borough Council (£1m), Walsall Metropolitan Borough Council (£1m), Preston City Council (£1m), West Oxfordshire District Council (£2m), City of Leeds (£1m), City of Glasgow District Council (£1m), Borough of Pendle (£1m), West Oxfordshire District Council (£1m), Malvern Hills District Council (£1m), Wellingborough District Council (£1m), Motherwell District Council (£1m).

### DANKS SCRIP

Directors of Danks Gowerton announce proposals to issue by way of capitalisation one new ordinary 25p share for each existing ordinary share.

### RIGHTS RESULTS

Reliance Knitwear's recent offer.



## Croda enters U.S. ink market with £3m buy

Under the terms of the Nigerisation programme the reduction has to take place by the end of this year.

Blackwood said yesterday that to meet this requirement it is to issue a further 3.6m shares in its Nigerian subsidiary which will be sold at 80 kobo apiece—around 64p—to Nigerian citizens or other purchasers permitted under the Nigerian Enterprises Decree.

Last year Blackwood earned net profits of about £22m from its Nigerian operations. A 20 per cent reduction in this investment would have reduced net profits by

income currency profit £20,000 (nil). It represented an increase of 14 per cent over the corresponding period on a somewhat smaller advance in the value of sales, and continuing achievements in cost control.

Mr. C. D. Pike, chairman, remarks that exchange rates and the demands of the various markets the company serve continue to fluctuate, reflecting the general uncertainty of world trade.

The company operates as an extractor, processor and seller of ball and china clay.

FOR THE first seven months of 1978 pre-tax profit of Barr added \$20.36 million. Wallace Arnold Trust grew from \$200.39 million to \$231.681 from turnover of \$33,997,000 against \$26,639,000 last time.

The profit was after interest, expenses and other income of \$78.9 million (\$80.185). After tax, \$200.39 million (\$258,000), net profit was \$181,681 compared with \$644,390.

Earnings per 25p share were given at 20.71p (16.33p) and the interim dividend is 1p. No interim was paid last year but a 3.7165p single dividend was from record pre-tax profits of £1.64m.

A scrip issue of one "A" ordinary share for each two ordinary or "A" ordinary shares plus one new preference share for every four ordinary or "A" ordinary share is proposed.

**Fitzwilton  
seeks more  
investments**

The report shows shareholders' funds of more than £13m and cash or near cash of more than \$9m. Pre-tax profits for the year to June, 1978 were £1.1m (£0.6m deficit).

T. V. Kearns and Videocraft.  
Kaygrove, C. Callaghan Plant  
Hire, Sunhill, MRH (Builders  
and Mechanical Services) and  
Shelley, J. Bell, J. Conventry  
Lafferty Construction Company,  
John Martin Shirt Company,  
Kapstadt, Bryon's Bakeries and  
Carr and Batt.  
Alamogordo Textiles, Goff Bros.,  
Alamo Builders Service (UK),  
Great Cable Engineers and Nee  
Mulrey.  
Westland Rovers, Schipell  
Supplies, Home Improvement  
Company (Hemel Hempstead).  
J. S. Beagley and Canehurst.  
Salisbury Sports, Pierina  
(Caters), Harriet Centre  
Rebus, Calcroft, Third  
L. G. Pearce (Orange), M. S.  
L. Gibbs and Co. Orange Cud.

Lexicon Insurance Brokers and  
Mergerson Builders.  
North Norfolk Timber and  
Building Company, Rambsursh.  
Bateford, H. A. and E. M. Taylor  
and Bissde Property Company.  
Garmal, Holgate Developments,  
P.H. Inc. Kwiatkowski  
Inc. Construction Company.  
Colmeek Express, Capway, Fix  
Developments, G. C. Reynolds  
Coventry and Gilbert Construc-  
tion.  
Plant Builders Company,  
Obbosen Harcourt and Maine,  
Purdie Markham and Mawe,  
Space Utilisation Holdings and  
Supplemental Academic Book  
Intercontinental.  
A. N. Services, Zanerick  
(Watwick), Warronberry, Carmen  
Pottery Dossan and, Lanrick

Computer Services.  
Northern Rockdrillers, Mercor.  
Allerworth, Bondrim and Blythe  
Spirit.  
Grahams of Shifnal, Owlcliff  
Building Components, Southern  
Telephone Company, Southville  
Builders and Constructors and  
Savendish General Service  
(Managements).

## new approach

## LAZARD BROTHERS

Lazard Brothers is planning to form closer ties with Lazard Freres of New York, and a deal is likely to be announced by the

## Approval for bid

The letter points out that the market capitalisation of the 70.2 per cent of Hoskins not owned by Talbex is £2.74m based on Monday's bid price of 105p. Last night's closing price of 18p values Talbex at £4.9m.

Mr. Lunt also says Artoc will assist Talbex and in particular will support "by means of underwriting or subscription the raising of additional equity capital or convertible loan capital" and to

use its best endeavours to introduce Talbot, or its customers, to new market opportunities especially in Middle East countries.

Last night, Hoskins' financial advisers advised Talbot shareholders should consider whether they wish to give their Board complete freedom to make an offer for Hoskins on any terms

### SGB GROUP

Two new acquisitions have been completed by the SGB Group which has purchased Equipment Hire and Sterling Hire in deals worth £331,000.

## miners

ganese nodules on the ocean floor has been put back.

Mr. Marne Dubs, director of the Ocean Resources division of Kennecott Copper, has abandoned his earlier predictions of a start in the mid-1980s and now refuses to specify any date at all.

Kennecott heads a seabed mining consortium which embraces BP Minerals, Consolidated Goldfields and Rio Tinto-Zinc. Mr. Dubs is chairman of the American Mining Congress committee dealing with seabed mining and

The failure of this conference to decide an international regime for the control of sea-bed mining and the poor health of the metals business were the main reasons given by Mr. Dubs for the uncertainty about dates.

But he told the *Financial Times* that legislation, now at a crucial stage in its passage through Congress, would give the mining consortium some encouragement. However, even assuming that

legislation was passed it was unlikely that permits for commercial exploitation would be given until 1981 or 1982.

The legislation would regulate the activities of U.S. citizens outside territorial waters but contain provisions for its own replacement by international laws in the event of a successful conclusion to the Law of the Sea Conference.

Mr. Dubs noted that on the basis of present metal prices, the economics of sea-bed mining had changed to the extent that cobalt had now become the most import-

While manganese prices had remained steady, copper and nickel values had both fallen and cobalt was being priced on the basis of acute shortage. However, all this meant change by the time sea-bed mining has become economically and politically feasible.







## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Vallourec cuts first half loss

BY OUR OWN CORRESPONDENT

PARIS, Oct. 10.

VALLOUREC, the French manufacturer of wide diameter steel tubes, has cut its first half loss in the first half of the year and is promising further progress in the second.

Operating profits were FFr 84.1m (\$19.5m) against FFr 22.6m. But after depreciation of FFr 94m, the final loss worked out at FFr 9.9m (\$2.3m) over the same period of last year losses of FFr 35.4m. The gain in turnover was almost 23 per cent to FFr 2.6bn.

Vallourec, with a highly specialised range of products and modern plant, is 55 per cent owned by the Denain Nord-Est Longwy group. DNEI needed the small consolidation of Vallourec's performance to set against the FFr 1.5bn losses recorded over three years by its subsidiary, Uvinor, the country's biggest steel-maker.

Now, with the wholesale restructuring of the steel industry, following the Government's

decision to convert the main creditors into shareholders, in order to lighten the medium term burden of debt repayment, Vallourec's ownership is changing.

Under the new scheme, DNEI will cede a part of its stake to a holding company in which it will have 49 per cent of the capital. This holding company will itself be majority-owned by the new financial master company being created to bring together the group of creditors. DNEI will retain a direct 23.4 per cent stake in Vallourec.

A sharp increase in first-half profits is reported by Cie Bancaire, the French holding company for a group of finance, loan and hire purchase operations.

Net profits for the six months ending June emerged at FFr 143m (\$32.2m) compared to FFr 115m a year earlier. Gross operating earnings for the half-year were FFr 522m, against FFr 412m, a rise of 27 per cent.

## Disposals planned by Motor-Columbus

BY JOHN WICKS

ZURICH, Oct. 10.

MOTOR-COLUMBUS, the Swiss contractor and property affiliate utilities and industrial holding company, is to concentrate its efforts on the power, civil engineering and real estate/contracting sectors, according to the company's chairman, Herr Michael Kuhn. The company, he said, is to divest its industrial, tourist and South American activities.

As part of this programme, Motor-Columbus has sold its one-sixth shareholding in the Swiss industrial concern SA des Cabrières et Tréfilerie de Cossonay and has reached agreement in principle on the sale of its stake in the Argentine firm Cia. Italo-Argentina. Motor-Columbus and its affiliate Suedelektro are currently engaged in repatriating funds from Peru, following the sale of important holdings.

Although the connected branches of real estate and building operations are to remain important parts of the group's business, Motor-Columbus experienced new losses last year of SwFr 19.1m in the Zurich-based

## Heavier loss from Dutch shipbuilder

By Charles Batchelor

AMSTERDAM, Oct. 10.

RSV, the largest Dutch shipbuilding group, made substantially higher losses in the first 32 weeks of the current year. It expects the position to improve in the final 20 weeks but will still be heavily in the red due to the depressed state of its shipbuilding and repair activities.

The company reported a loss of F1 47.8m (\$33.2m) in the first 32 weeks, a rise of 68 per cent on the F1 28.4m loss in 1977. The loss in the rest of the year will be considerably less than two thirds of the first period deficit, or about F1 30m.

This will be partly due to the sale of RSV's remaining residential property. Deposits on the sale of some of the houses, which are rented to the company's workforce, were included in the first period result. RSV partly bases its hopes of an improvement in the second half on the continuation on the present slight upturn in the ship repair market.

The company's land based divisions and marine shipbuilding made a sizeable profit in the first 32 weeks. Despite government assistance in acquiring new orders granted under the plan to reorganise the Dutch shipbuilding industry, RSV has not been able to get sufficient orders to make full use of its shipbuilding and offshore capacity this year.

Turnover in the first 32 weeks fell slightly to F1 1.6bn (\$776m) from F1 1.7bn in 1977. The total value of its order portfolio, excluding repair contracts, is about F1 6.1bn.

## Late recovery at Rolinco

By Our Own Correspondent

AMSTERDAM, Oct. 10.

ROLINCO, the share investment fund which is part of the Robeco Group, has reported a recovery in its net assets in the second half of 1977-78. The downturn in the first half left its mark in the form of a decline in profits however.

The value of its shares rose 18 per cent in the year ended August 31. Total net assets amounted to just over F12.5bn (\$1.2bn). Net asset value was again above the F12.4bn level of September 1977, and had recovered from the low point of F12.1bn reached at the half-way stage in March.

Net profit fell F15m to F180m (\$18m) with the number of shares on issue down to 18.25m from 19.71m. A year ago, profit per share was about 5 per cent higher.

## THE PARIS BOURSE

## Investors side-step the taxman

BY DAVID CURRY IN PARIS

ONLY THREE times in the past 25 years has the Paris stock market scored gains of 50 per cent in a 12 months, so this year's performance by share prices may be heading for the record book. The bourse index is currently showing growth of 55 per cent over January 1, and is no less than 74 per cent ahead of its low point of early February.

The man responsible for this upsurge in share prices is M. Monory, Minister for Economic Affairs, who is freeing industrial prices from control and proclaiming the therapeutic virtues of liberalism. For in July the National Assembly passed the "Loi Monory" intended to encourage the small saver to invest his money in the stock exchange in order to breathe financial life into industry.

The measure permitted a taxpayer to deduct, for each of the next four years, FFr 5,000 (\$118) from his taxable income to be invested in shares, plus FFr 500 for each of the first two children and FFr 1,000 for each of the others. This money had to be invested in French stock.

Alternatively, the same amounts could be invested in special unit trusts holding 60 per cent of their portfolio in French shares.

The defeat of the Left in the March general election had

already started the Bourse moving up since January when the Bourse began to smell election victory after the widening of the Socialist-Communist quarrel and the growing authority of M. Raymond Barre.

But the Monory measures, not only for their very real tax advantages, but also because of their symbolic value in proclaiming that capitalism was back in fashion, really put steam behind the rise.

The banks were quick off the mark. They were quick to produce their own "in-house" unit trusts or "Monorise" existing trusts to tap a clientele which finds it easier to invest over the bank counter. About 15 such trusts are already functioning and have scored solid gains.

In the first nine months of this year the volume of transactions was up by 70 per cent. The average increase in French values across the bourse as a whole was 55 per cent, and on the term market the FFr 23.47bn turnover represented a 121 per cent rise on the previous year. The volume of transactions on French shares quoted on the term market jumped by 264 per cent within days.

Even more significantly, shares are the most impressive per formers. Almost 57 per cent of

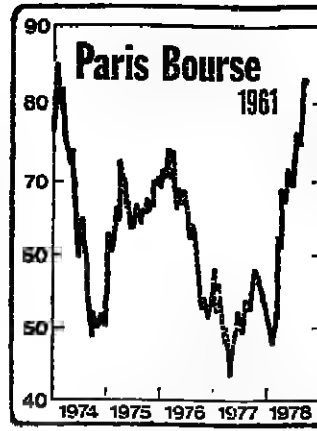
volume was in shares against FFr 2.3bn has been raised since only 43 per cent last year, while the fixed interest market saw a more modest rise of 38 per cent. Several major companies have holders being created by the

with three children earning FFr 110,000 but declaring after normal allowances FFr 80,000. His bill for tax would be FFr 9,981. If he devotes FFr 7,000 to share purchases he cuts his fiscal revenue to FFr 2,981 and pays on it FFr 1,750 less in tax.

For the large-scale shareholder the new measure is less interesting. But even a man with a portfolio of shares valued at FFr 150,000 and bringing in around 6 per cent in dividend would still gain a slight advantage in options for the Monory formula rather than his existing allowances. The two cannot be combined.

But not everybody has been searching for capital gains. There is a group of investors seeking losses. For next year capital gains tax is introduced. But thanks to a Gaullist amendment, the shareholder is not obliged to declare at what date he acquired such shares.

Thus, the hunt is on for shares which have declined sharply since 1972 (making the steel companies very fashionable purchases). Shares bought today can be declared as having been bought in 1972, thus establishing a tax loss which can be spread over five years. In the present mood of the Paris Bourse, even the losers are winning.



## Better prospects for Holmens

BY WILLIAM DUFFLORCE

STOCKHOLM, Oct. 10.

HOLMENS BRUK, Europe's largest newspaper manufacturer, reports a further fall in profits during the first eight months, but expects to perform much better during the rest of the year, to put 1978 earnings ahead of last year's.

Pre-tax earnings during the first eight months were SKr 24m (\$8.5m) against SKr 35m in the corresponding period last year. Turnover climbed from SKr 833m to just over SKr 1bn, and operating profit was well ahead at SKr 143m against SKr 97m. But not financial costs trebled to SKr 57m and depreciation charges were up by SKr 19m to SKr 82m.

These sharp changes were largely due to the commissioning of the new 170,000-tonne newspaper mill at Braviken last September. Until the start-up, interest was payable on this SKr 600m investment.

During the eight-month period, Holmen was able to utilise only about 80 per cent of its increased newspaper and magazine paper capacity. Stocks of finished goods

have increased since the beginning of the year, but are reported to be not above normal.

Demand for wood-containing printing papers has strengthened since the summer and Holmen expects to operate at a considerably higher utilisation rate during the last four months of the year. Paper production is forecast to grow by 15 per cent from 1977, while the final turnover figure should be around SKr 1.7bn, a 20 per cent growth rate.

The 1978 operating profit should fall within the SKr 25m-35m bracket against

SKr 161m last year, but the higher interest and depreciation charges will bring the pre-tax figure down to SKr 45m-SKr 55m against SKr 40m in 1977.

After completion of the first phase of the Braviken expansion, Holmen's investments will plunge from SKr 404m last year to an estimated SKr 75m in 1978. During the first eight months the company took up SKr 185m in new long-term loans and amortised SKr 65m. The short-term debt has been reduced considerably and the company's liquidity is reported to have improved.

## Swiss rates return to 3% with SwFr 60m issue

BY JOHN WICKS

ZURICH, Oct. 10.

A RETURN to 3 per cent coupons has been made by the Swiss SwFr 50m domestic bond market with a SwFr 60m (\$33m) issue, for subscription between October 16 and 20, of Canton Argovia. The 10-year loan will be priced at 98 1/2, in March of this year, the City of Zurich had floated 3 per cent bonds with a 13-year maturity, priced at 99 per cent but this was an isolated case and the market rate for first-class borrowers subsequently rose again. Swiss capital market rates are cur rently at their lowest levels since the 1950s.

Other new domestic issues scheduled for mid-October include a 3 1/2 per cent float of a total Bank over 12 years and a SwFr 100m issue by the nuclear power station Kernkraftwerke Leibstadt, also with a 13-year maturity; the interest rate is 3 1/2 per cent and priced at par. The Swiss heating company Oerli AG, of Duebendorf, has acquired the Danish burner manufacturer Danheat. Oerli claims to be the first non-Scandinavian company to obtain a noticeable position in this market. Danheat has a 15 per cent market share.

## Warne Wright Group

## INTERIM STATEMENT

The unaudited trading results of the Group for the six months ended 30th June, 1978 are:-

	6 months to 30.6.78	6 months to 30.6.77	12 months to 31.12.77
Group Turnover	10,973	10,253	20,067
Profit before tax	674	636	1,421
Profit after tax	442	496	1,151
Dividends			
Preference Shares	5	5	10
Ordinary Shares	152	136	272
	(Interim)	(Interim)	(Total)
Profit retained	285	355	869

Provided there is no further deterioration in the economy, and that strikes at present being experienced by major customers are not unduly prolonged, profit before tax should at least equal 1977.

Warne, Wright & Rowland Ltd.  
Keeley Street, Birmingham B9 4HP

## The Bank of Tokyo, Ltd.

Negotiable Floating Rate U.S. Dollar  
Certificates of Deposit  
Series C Maturity date  
14 October 1980



In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six month interest period from 11 October 1978 to 11 April 1979 the Certificates will carry an Interest Rate of 10 1/4 % per annum.

Agent Bank  
The Chase Manhattan Bank, N.A.,  
London



## General Signal Corporation

has acquired

## Leeds &amp; Northrup Company

The undersigned acted as financial advisor to Leeds & Northrup Company in connection with the above transaction.

Smith Barney, Harris Upham & Co.

Incorporated

October 10, 1978

The excellent progress made by ARC in recent years continues with a further increase in profits over last year's record figures.

Turnover increased by 74% from £159.751m to £277.403m, yielding a profit before tax for the year just ended of £31.676m, an improvement of 75% over the preceding year.

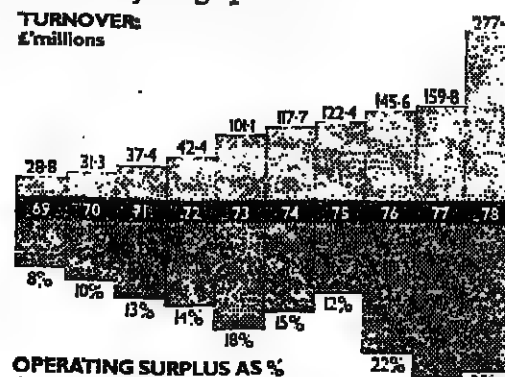
Amey Roadstone Corporation Limited ANNUAL RESULTS		
	Year to 30th June 1978	1977
Turnover	£277,403	£159,751
Margin on trading	44,964	26,045
Depreciation and depletion	12,002	7,327
Operating surplus	32,962	18,718
Less: Interest	3,486	1,813
Profit from Amey Roadstone Corporation operations	29,476	16,905
Dividends received	2,550	1,227
Profit before taxation and extraordinary items	31,676	18,132
Taxation - current year	8,843	5,434
- prior year	1,271	(70)
	10,114	5,364
Profit after taxation and before extraordinary items	21,562	12,768
Dividends	11,701	7,810

These very substantial increases reflect not only generally improved performance in the UK but more particularly the results of ARC activities in America included for the first time.

The extension of ARC's global development has brought increased prosperity and a broader operating base. This in turn provides greater stability for the group to withstand major fluctuations in demand for construction materials.

The profit achievement by Amey Roadstone Corporation over the past decade is all the more remarkable when viewed in the light of the world recession that has dominated this period.

Growth in terms of operating surplus in relation to capital employed during the past 10 years is best demonstrated by the graph below.



Operating surplus has multiplied some fifteen times but capital employed is only five times greater.

Of course the profit figures are higher because of inflation, whereas assets are stated at historic cost. Nevertheless there has been a substantial growth in real terms which is no mean achievement.

If you would like more information about ARC group activities, products and financial results for the last year, please write to us for a copy of our Annual Report and Group Profile.

ARC  
A member of the Goldfields Group

Making more of our natural resources

Amey Roadstone Corporation Limited  
15 Stanhope Gate London W1Y 6AB



# INTEL FINANCIAL AND COMPANY NEWS

## NORINCHUKIN BANK

### Surging ahead on the rice harvest

BY ROBERT WOOD IN TOKYO

JAPAN'S rice farmers are preparing to harvest one of their largest crops ever. For Norinchukin Bank—the central bank for agricultural and forestry co-operatives—this harvest creates a cash surplus without parallel anywhere in the world. As farmers deposit money from the harvest in their local agricultural co-operatives, the co-operatives, facing a weak demand for loans, will in turn deposit the money with the prefectural co-operative federations. These federations—also having little scope to make loans—will invest about half the money in Norinchukin's special one-year time deposits, which pay interest of 6.5 per cent.

Norinchukin will then have to find a use for the money—facing the problem that short-term interest rates in Japan are as low as 4 per cent to 5 per cent, while there are few opportunities to make profitable long-term loans.

Each extra deposit almost inevitably means a net loss for Norinchukin. In order to report an acceptable profit, of ¥8.5bn (\$47.7m) last year, the bank had to support its results with sales of securities it would otherwise have continued to hold—a practice that is permitted under Japanese law.

Norinchukin officials nevertheless welcome the harvest money. They believe that it will give their bank—an institution with only 3,000 employees—the largest assets of any financial institution in Japan.

They argue that the bank did not appear in any international list of the world's largest banks until a compilation by The

Banker listed it this year, when it was shown as the 27th largest bank in the world, and the seventh largest in Japan.

Norinchukin's recent growth has been striking. Assets rose 28 per cent during the fiscal year to March 31, reaching ¥8.7 trillion (million million). Because of the rise of the yen during the period, assets in dollar terms rose nearly 60 per cent to \$300bn.

The bank's officials say that Norinchukin is now number two in Japan, behind Dai-ichi Kangyo Bank. In spite of difficulties over where to invest the funds involved to secure an adequate return, Norinchukin welcomes the money on the grounds that by next month it expects to be the largest bank in Japan.

For Norinchukin Bank, the central Japanese bank for agricultural and forestry co-operatives, the coming rice crop threatens to create a cash surplus without parallel anywhere in the world. In spite of difficulties over where to invest the funds involved to secure an adequate return, Norinchukin welcomes the money on the grounds that by next month it expects to be the largest bank in Japan.

Bank. By November they expect to be number one.

Norinchukin, which is owned by Japanese agricultural co-operatives, is not the world's only gigantic agricultural bank. The listing by The Banker showed France's Caisse Nationale de Credit Agricole as the largest bank outside the U.S. But Norinchukin's rapid growth has created unprecedented liquidity. Half its assets are short-term investments paying less than the bank pays to its depositors.

Norinchukin lends to agriculture-related companies, and invests the rest of its money in securities. Sometimes its clients' relationship to agriculture is tenuous—almost any chemical company is "agriculture-related,"

because it makes agricultural chemicals. But even a weak limitation on the use of Norinchukin's funds exacerbates the problem of finding uses for money.

The trend in Japanese interest rates has also worked against Norinchukin more than against other banks. Its one-year time deposits from prefectural co-operative federations have always paid interest at a rate slightly above that paid by long-term credit banks on five-year

debentures sold to the public. Since the cost of handling deposits from prefectural federations was far below the cost of selling debentures to the public, these deposits were, traditionally, a profitable source of funds.

But short-term rates have dropped so far below the rate on long-term debentures that Norinchukin is now paying 6.5 per cent for one-year deposits, while public corporations are selling their one-year bonds to other financial institutions at 4.75 per cent. The bank is now changing its rules so that it can cut its rates further.

Hearing about Norinchukin's accumulation of funds, foreign money managers, particularly in Sydney, have experienced difficult trading conditions during some months. Overall costs increased although newspaper prices were fairly stable. Revenue rose by 13 per cent, from \$17.7m to \$19.9m (U.S.\$237m).

The group's operations in the U.K. include the Sun and the News of the World, but again made substantial contributions to profit, despite the industrial and economic conditions that prevailed. News International, the U.K. arm of the group, last month reported a rise in pre-tax profit from £7.8m to £9.8m (A\$18.5m) in the half-year to June 30.

The Australian economy generally had not responded as expected and some of the group's

bankers have begun seeking its participation in internationally syndicated loans. But the bank has had to turn down most such proposals because Ministry of Finance regulations limit it to \$2m in net foreign currency assets or liabilities. The limit would prevent the bank from investing much larger amounts abroad if the investments could be hedged against foreign exchange risk—but they rarely can.

All Japanese banks have limitations on their net foreign currency liabilities, as a safeguard against foreign exchange losses, but Norinchukin officials say that no other major bank has a limit as trifling as theirs. Now that they have heavy excess liquidity while interest rates are far higher abroad than at home, and the Government is trying to promote foreign investment to reduce Japan's balance of payments surplus, the bank is positioning for an increase of "a huge amount" in its limit.

Norinchukin says that the Ministry of Finance appears willing to accept a move of this kind, but that there is little likelihood of the ministry removing its restrictions entirely.

The bank is optimistic that Japanese loan demand will return to normal within the next few years, and that its swollen deposit base will then stand it in good stead. The bank says it has last year it would just about have broken even without juggling its securities portfolio for paper profits at the year end. It is investing now in maturities of one-to-three years, expecting the long-term rate to rise to have expanded by the time the investments are repaid, and that it will be able then to employ its money profitably.

All members of the snake, with the exception of the Deutsche Mark, were again at a discount against the dollar in the forward market.

The French franc was slightly weaker against the dollar, easing to FF 4.2970 from FF 4.2945, and the Italian lire and sterling gained ground.

The pound opened at \$1.9775, touched a low point of \$1.9765-1.9775, before rising to about \$1.9825 at noon. Sterling improved to \$1.9845-1.9855 in the afternoon, and closed at \$1.9890-1.9900, a rise of 30 points on the day.

Forward sterling was also firmer, with the three-month discount against the dollar narrowed to 0.5 per cent.

The result represented a sharp turnaround during the year. In the first half profit rose 26 per cent, from A\$8.4m to A\$10.6m, but plunged 50 per cent in the second half, from A\$5.6m to A\$2.8m.

Losses rise at Harbour Engineering

By Anthony Rowley

HONG KONG, Oct. 10. HARBOUR ENGINEERING, a subsidiary of Hutchison Whampoa, announced a consolidated loss of HK\$3.35m (U.S.\$712,000) after extraordinary items for the first half of this year. This compares with a loss of HK\$2.29m for the corresponding period of last year. No interim dividend is being paid.

The chairman, Mr. J. A. Richardson, said that the company had limited its operations in the first half of 1978 in order to work out contracts entered into by the previous management. Good progress had been made on the majority of these contracts, and the company was still exposed to potential losses on some of them, which would mean further losses for the company.

The size of these losses could not be forecast, he said. Work was now being tendered for "realistic margins."

Subsidiary of OUB to go public

SINGAPORE, Oct. 10. OVERSEAS UNION SECURITIES, the subsidiary of Overseas Union Bank (OUB), is to offer 12.5m new shares of S\$1 each at par for public subscription, the bank said.

A prospectus is to be issued on Thursday, and the application list will open and close on October 24. Of the new shares, 1.25m will be reserved for management and staff of the OUB group.

The issue will increase the paid-up capital of Overseas Union Securities to S\$25m (U.S.\$11.5m) from S\$12.5m. The company, incorporated on October 22, last year, has an authorised capital of S\$50m.

Zim pays \$1m to settle U.S. rebates dispute

NEW YORK, Oct. 10. ZIM ISRAELI NAVIGATION Company said that it agreed to a recent \$1m penalty to settle U.S. charges of illegal rebates, because it wanted to avoid lengthy litigation.

The Israeli shipping company said that it settled because the U.S. was entitled to the money because it had produced documents that showed Zim from production, and that this would have wound up in a long legal test.

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# Currency, Money and Gold Markets

## Dollar declines in thin trading

The U.S. dollar closed fairly near its weakest levels of the day against other major currencies. The foreign exchange market was slightly more active than on Monday, but trading was not heavy. The dollar touched a best level of SFr 1.5870 against the Swiss franc, before falling to a low point of SFr 1.5875, and closing at SFr 1.5870, compared with SFr 1.5850 previously.

In terms of the Deutsche Mark, the dollar rose to DM 1.8900, before closing at DM 1.8835, against DM 1.8940 on Monday. The Belgian franc, Dutch guilder, Danish krone, and West German mark, members of the European currency snake, remained under pressure against the Deutsche Mark, and continued to rise against the dollar, in line with the German currency.

FRANKFURT—The Bundesbank did not intervene when the U.S. dollar was fixed at DM 1.8900, 1.9026 against the D-Mark yesterday. This was the third lowest level ever recorded, and a decline from the early morning rate of DM 1.9045. The Swiss franc rose to DM 1.9200-1.9240 from DM 1.9189-1.9209, and sterling fell to DM 3.7650-3.7690 from DM 3.7630-3.7670 at the fixing.

The Bundesbank's trade-weighted revaluation index of the D-Mark against 22 currencies was unchanged at 150.9.

Other currencies eased against the dollar in the morning, but trading was fairly quiet, with the currency drifting on the lack of any new factors. At mid-morning, the dollar was SFr 1.5875, compared with an early rate of SFr 1.5842, against the Swiss franc.

MILAN—The dollar was slightly easier at yesterday's fixing, falling to L519.70 from L520.00. Trading was slow, with the Bank of Italy supplying most of the \$8m. The D-Mark rose to a record high of L431.70 from L431.00, and the Swiss franc was also firmer against the dollar, rising to L151.75 from L151.50.

PARIS—The dollar rose to FF 4.2920-4.2940 against the French franc at yesterday's fixing, from FF 4.2910-4.2930 on Monday. The D-Mark was also firmer against the French currency, at FF 2.2615-2.2635, compared with FF 2.2538-2.2578.

Forward sterling was also firmer, with the three-month discount against the dollar narrowed to 0.5 per cent.

EXCHANGE CROSS RATES

Oct. 10	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canadian Dollar	Belgian Franc
Pound Sterling	1.0000	1.9894	3.7650	376.50	4.9375	5.1800	4.0800	168.60	2.5470	66.60
U.S. Dollar	0.5040	1.0000	1.9894	376.50	4.9375	5.1800	4.0800	168.60	2.5470	66.60
Deutsche Mark	0.2640	0.5040	1.0000	37.65	4.9375	5.1800	4.0800	168.60	2.5470	66.60
Japanese Yen	2.6400	5.0400	3.7650	1.0000	49.375	51.800	40.800	1686.0	254.70	666.0
French Franc	1.1750	2.9270	4.4110	438.10	1.0000	1.0500	4.7880	190.70	2.7880	99.40
Swiss Franc	0.5831	0.6980	1.9200	119.70	2.7358	1.0000	1.5060	368.50	0.7082	144.30
Dutch Guilder	0.2440	0.4960	1.9200	119.70	2.7358	0.7650	1.0000	368.50	0.5778	144.30
Italian Lira	0.6150	1.2300	3.7650	376.50	4.9375	1.9190	2.5060	1.0000	1.4443	584.30
Canadian Dollar	0.4380	0.8760	1.9894	198.94	2.5470	1.2890	1.7780	89.20	1.0000	40.80
Belgian Franc	1.6890	3.3780	6.3510	635.10	14.400	6.8700	5.8920	274.70	2.5470	100.00

EURO-CURRENCY INTEREST RATES

Oct. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Australian Dollar	Japanese Yen
Three months	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Six months	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
One year	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2

The following annual rates were quoted for London dollar certificates of deposit: one month 9.50-9.75 per cent; three months 9.50-9.75 per cent; six months 9.50-9.75 per cent.

Long-term Eurodollar deposits: two years 9.50-9.75 per cent; three years 9.50-9.75 per cent; four years 9.50-9.75 per cent; five years 9.50-9.75 per cent; six years 9.50-9.75 per cent; seven years 9.50-9.75 per cent; eight years 9.50-9.75 per cent; nine years 9.50-9.75 per cent; ten years 9.50-9.75 per cent.

INTERNATIONAL MONEY MARKET

## Rise in Belgian rates

The rate on Belgian four-month bond fund papers rose from 7.5 per cent to 7.75 per cent at yesterday's auction as announced by the Belgian National Bank. At the same time, the rate on 12-month Treasury certificates was raised to 7.5 per cent and 8.0 per cent respectively from 7.4 per cent and 7.7 per cent.

However, it was stressed that these rises were designed to bring rates more in line with market movements. This was underlined by the authorities leaving Treasury certificates unchanged at 7.25 per cent, 7.5 per cent and 7.75 per cent. Consequently it is now generally felt in foreign exchange and money markets that the central bank's lombard and discount rates will be left unchanged at today's Board meeting.

Deposit rates for the Belgian franc (commercial) were firm at 8.0 per cent on the three-month rate, 7.75 per cent on the one-month rate and 7.5 per cent on the three-month rate. Three-month deposits rose slightly to 9.18 per cent from 9.15 per cent.

UK MONEY MARKET

## Moderate assistance

Day to day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying moderate amount of Treasury bills at direct from the discount houses. There seemed to be some doubt as to whether there had been enough and interest rates at the close tended to hint towards the assistance being slightly underdone. Discount rates for secured bills around 8 1/2 per cent for secured

call loans at the start and closing balances were taken between 8 per cent and 8 1/2 per cent. Factories and the market were all on the minus side with banks bringing forward balances below target and a slight increase in the note circulation. There was also a modest amount of revenue transfers to Exchequer over Government disbursements and a slight net take up of Treasury bills.

LONDON MONEY RATES

Oct. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Australian Dollar	Japanese Yen
Overnight	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
One month	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Three months	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Six months	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
One year	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2

Local authority and finance houses seven days' notice, others seven days' fixed. "Longer term" local authority mortgage rates nominally three years 11 1/2 per cent; four years 12 1/2 per cent; five years 13 1/2 per cent. Bank bill rates in table are buying rates for prime paper. Treasury bill 9 1/2 per cent and two-month Treasury bill 9 1/2 per cent. Three-month Treasury bill 9 1/2 per cent. Discount rates for secured bills around 8 1/2 per cent for secured

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One year	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2

## THE POUND SPOT

Oct. 10	Bank rates	Day's spread	Close
U.S. \$	1.9775-1.9785	1.9780-1.9790	1.9780
Canadian \$	0.8760-0.8770	0.8765-0.8775	0.8765
Gold	1.9775-1.9785	1.9780-1.9790	1.9780
Deutsche M.	3.7650-3.7660	3.7655-3.7665	3.7655
Swiss F.	1.5870-1.5880	1.5875-1.5885	1.5875
French F.	4.9375-4.9385	4.9380-4.9390	4.9380
Italian L.	168.60-168.70	168.65-168.75	168.65
Japanese Y.	376.50-376.60	376.55-376.65	376.55
Australian D.	2.5470-2.5480	2.5475-2.5485	2.5475
Belgian F.	66.60-66.70	66.65-66.75	66.65
Dutch G.	4.0800-4.0810	4.0805-4.0815	4.0805
Spanish P.	167.00-167.10	167.05-167.15	167.05
Portuguese E.	200.00-200.10	200.05-200.15	200.05
Argentine P.	1.9775-1.9785	1.9780-1.9790	1.9780
Chilean P.	1.9775-1.9785	1.9780-1.9790	1.9780
Colombian P.	1.9775-1.9785	1.9780-1.9790	1.9780
Costa Rican C.	1.9775-1.9785	1.9780-1.9790	1.9780
Cuban C.	1.9775-1.9785	1.9780-1.9790	1.9780
Ecuadorian C.	1.9775-1.9785	1.9780-1.9790	1.9780
Guatemalan Q.	1.9775-1.9785	1.9780-1.9790	1.9780
Honduran L.	1.9775-1.9785	1.9780-1.9790	1.9780
Nicaraguan C.	1.9775-1.9785	1.9780-1.9790	1.9780
Panamanian B.	1.9775-1.9785	1.9780-1.9790	1.9780
Paraguayan G.	1.9775-1.9785	1.9780-1.9790	1.9780
Peruvian S.	1.9775-1.9785	1.9780-1.9790	1.9780
Puerto Rican C.	1.9775-1.9785	1.9780-1.9790	1.9780
Salvadoran C.	1.9775-1.9785	1.9780-1.9790	1.9780
Uruguayan P.	1.9775-1.9785	1.9780-1.9790	1.9780
Venezuelan B.	1.9775-1.9785	1.9780-1.9790	1.9780

Belgian rate is for convertible francs. Financial franc 62.50-63.50.

NEW YORK—In quiet trading the dollar lost ground against most major currencies during the morning. There was some nervousness surrounding the Canadian dollar however, which is expected to come under increased pressure as a result of the end of dividend payments on 10 October.

BRUSSELS—The dollar fell to BF 4.2920-4.2940 at the fixing from BF 4.2910-4.2930 previously. The French franc also lost ground against the Belgian franc, and was fixed at BF 2.2615-2.2635, compared with BF 2.2538-2.2578 on Monday.

FRANKFURT—The Bundesbank did not intervene when the U.S. dollar was fixed at DM 1.8900, 1.9026 against the D-Mark yesterday. This was the third lowest level ever recorded, and a decline from the early morning rate of DM 1.9045. The Swiss franc rose to DM 1.9200-1.9240 from DM 1.9189-1.9209, and sterling fell to DM 3.7650-3.7690 from DM 3.7630-3.7670 at the fixing.

The Bundesbank's trade-weighted revaluation index of the D-Mark against 22







## FARMING AND RAW MATERIALS

## Silkin to visit Bonn next week

By Christopher Parkes  
MR. JOHN SILKIN, Minister of Agriculture, has been included in the Prime Minister's party which is to visit Bonn on October 18 and 19 at the invitation of Chancellor Schmidt. Also in the party are Mr. Healey, the Chancellor of the Exchequer, and Mr. Edmund Dell, Secretary of State for Trade.

Mr. Silkin's main job will be to back Mr. Callaghan's appeals to the West German leader for more support in the British-led campaign to reduce the European Community's surpluses of butter, beef, wine, milk, powder and other farm commodities.

The invitation to such a high-level meeting, one of a regular series between the British and German leaders, represents a substantial political leg-up for the Agriculture Minister.

An ardent supporter of Mr. Michael Foot in the party leadership campaigns, and well to the left of the Prime Minister in his political views, he has never been a favourite of Mr. Callaghan.

But his rambunctiousness has won him the attention if not the affection of the most senior members of the British Cabinet.

The German Government, it is understood, is particularly keen to see Mr. Silkin because it wants to calm the continuing storm over the EEC's fisheries policy—a disturbance which centres on the UK Minister.

## Gundelach to seek Thai manioc curb

BRUSSELS, Oct. 10. MR. FINN OLAV GUNDELACH, EEC Farm Commissioner, is likely to visit Thailand during the first week of December for talks on cutting back Thai manioc exports to the EEC, Commission officials said here today.

They said no formal reply has been given yet to the invitation from Thailand but the visit is fairly certain to take place.

Mr. Gundelach recently rejected the idea of the EEC imposing import taxes on cereals substitutes, but he added there would be no problem in persuading the Eastern countries to exercise voluntary restraint to cut back their exports to the EEC.

He said that Thailand should cut back its manioc exports this year to 1977 levels which correspond with Common Market needs. However, Thai Commerce Ministry sources said their exports will rise this year although attempts will then be made to hold them at 1978 levels.

Reuter

## Tin and platinum prices rise to new peaks

By JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES advanced to record levels on the London Metal Exchange yesterday as the squeeze on nearby supplies tightened. Platinum also reached a new peak.

Standard grade cash tin rose by 112.5 to 27,402.5 a tonne, while the three months quotation gained 247.5 to 27,182.5—both above the previous peaks reached last Friday.

The new upsurge was encouraged by the upward trend in other base metals and in precious metals.

There was covering against Continental demand, but nervousness over the planned renewal of hearings in Congress over stockpile releases of surplus tin brought some profit-taking.

Lead continued its upward climb, although there was considerable profit-taking at the higher levels. Cash lead closed 23 higher at 2433.5 a tonne.

Dealers reported better buying interest from the Soviet Union which took the market to an 18-month high, but the upward trend was halted later by some heavy selling.

Zinc was only marginally higher, but copper prices advanced strongly with wirebars closing 11.75 up at 2766 a tonne.

The overnight rise in New York gave a firm opening to the copper market in London, and covering against Japanese buying boosted prices further.

In the afternoon the higher trend was encouraged by the U.S. producer, Copper Range, announcing a rise in its domestic price of 2 cents to 71 cents a lb.

Platinum broke through the \$300 an ounce mark in New York overnight and surged further ahead in London and New York yesterday. In the afternoon free market platinum in London was raised by 27.55 to 157.50 an ounce and the dollar quotation gained 215 to \$312.50.

In New York last night in early trading, platinum futures rose to the permissible limit of \$10 an ounce as strong consumer and speculative demand continued.

The London silver bullion spot quotation was lifted by 9.8p to 302.1p an ounce at the morning close. This rise reflected the increase in U.S. market prices for gold and platinum.

Reuter

President Carter decided on the proposal for a quota on refined copper imports.

President Carter has until October 22 to make a recommendation.

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## Odds against sugar Bill—Bergland

WASHINGTON, Oct. 10.

MR. BOB BERGLAND, U.S. Agriculture Secretary, said today that sugar legislation had less than a 50-50 chance of completion this Congressional session, reports Reuter.

The Carter Administration considers the House Bill passed last week as unacceptable, he said, but he did not know if President Carter would veto it.

This Bill sets a 15 cent a pound sugar support price. With allowance for automatic price increases based on production costs.

We stand by 15 cents as the maximum acceptable price support with no escalator provision as the escalator would undermine the international Sugar Agreement, Mr. Bergland said.

The Senate's Bill, with a 17 cent price support, was sure to be vetoed if sent to President Carter, he added.

A representative for Senator Howard Mendenhall said he was to introduce an amendment to the pending sugar legislation calling for a 15 cent price objective with no escalator clause.

The amendment, which is identical to the Carter Administration position, will be introduced when the sugar legislation reaches the Senate floor for debate and possibly a vote later this week, he added.

U.S. sugar consumption is estimated at between 32bn and 33bn lb a year for the next five years, according to Mr. Bergland.

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## Growers expand—for better or worse

By A CORRESPONDENT

AS THE export season for Spanish citrus begins, its prospects are being gauged on the basis of the usual factors—and others not so usual. One influence, always lurking in the background, that has come to the fore this year is drought.

The south and south-west of Spain have seldom known such a long spell without rain.

Benidorm and other tourist spots are in the limelight, with holiday-makers rioting over dry ash and ships pumping water ashore through hastily-built pipelines. But over wide areas of the country dams have emptied, wells dried up and crops, including citrus, that depend on irrigation are imperilled—not to mention those that depend on rain direct from the sky.

Estimates of the possible scale of citrus losses are still vague, not least because there is little agreement among the authorities as to what the level of production might be if things were normal. The tonnage could be 5 holders and 10 per cent of the country's citrus trees, costs the industry an estimated 17m a year because of inroads on both quantity and quality.

A factor that has not before entered into the seasonal calculations is fears that a nuclear power station being built in the Valencia region could have the same sort of effect on sales abroad of Spanish fruit as did last year's mercury scare on Israeli.

Rumours circulated that Israeli oranges might not be the only ones to have been poisoned—the rumour that ceased only when it was officially shown beyond

question that there was no son for Spanish fruit to eat under suspicion.

Regarding radioactivity, however, reality has replaced hope to the extent that there actually is a nuclear power station in the Valencia region. Contaminated growing over not so much a possibility that the region's water could be contaminated by nuclear waste but the industry's foreign customers might think it will be, and elsewhere.

It is now being revealed in 1971 a nuclear accident to contamination of the Spanish's longest river. The Spanish Press, silenced on the incident, said Spain is "open" and should not be imposed on by media of consuming countries.

Meanwhile Spain's push towards entering the EEC already influencing expectations about possible aid and what might come way of interim concessions to the Community.

The mounting hostility French farming to Spain's ban on citrus, viewed as a disguised way of protecting their own market, is showing in the tangible way their condemnation a future within the Community by planting new ground.

All readily useable agricultural land in Spain was brought under production. Producers are now haggling and once regarded as bit and useless. Already profits are watching green young growing up to swell Spain's crop—at present about 5m—far better or for worse.

Reuter

Replanting, however, is proceeding much more slowly than hoped, partly, it is said, because nurseries are exporting resistant stocks meant for Spain. Meanwhile, the disease, which affects about 8,000 small-growers and 10 per cent of the country's citrus trees, costs the industry an estimated 17m a year because of inroads on both quantity and quality.

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## Brazil raises coffee estimate

By RICHARD MOONEY

BRAZIL HAS raised its estimate of the 1979-80 coffee crop by 300,000 bags (60 kilos each) to 18.2m bags.

Following its third official crop survey made towards the end of the harvest in August the Brazilian Coffee Institute (IBC) has lifted the Sao Paulo and Espirito Santo estimates by 500,000 and 200,000 bags respectively while cutting the Parana and Minas

Gerais figures by 200,000 bags each.

The IBC's final figure for the 1977-78 season was 18.1m bags and the first 1978-79 estimate was 20.7m.

The main reason for the reduced level of this year's second estimate was a persistent drought which reduced the average size of the beans. Despite continuing dry weather the institute now estimates Sao Paulo yields 10 per cent higher than at the time of the second survey.

The latest Brazilian crop figure prompted little response on the London coffee futures market where the January position ended 22.5 lower on the day at 21.536 a tonne.

Dealers were not surprised that the crop forecast had been disregarded but they thought Monday's news of a rise in the Brazilian coffee export tax (contribution quota) might have been expected to have more impact.

Reuter

The tax was raised by 58 to \$80 a bag which would have a proportionate effect on exporting costs. Dealers thought the absence of a noticeable price reaction might reflect the market's obsession with consumer

offtake. They thought an upturn in the market was unlikely until some positive signs of recovery.

Some observers saw the higher tax rate as an attempt to cause a shocker in the market, thereby tightening the market and forcing prices up. But trade sources in Rio de Janeiro thought the institute was mainly interested in defending its minimum export price.

Reuter

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## Weather hits U.S. cotton production

LUBBOCK, TEXAS, Oct. 10.

A COMMITTEE of the Lubbock Cotton Exchange has reduced its cotton production estimate for the 25 county Texas high plains area by 181,000 bales from a month earlier to 1,831,000 bales, reports Reuter.

Sources on the committee, which is made up of extension agents, grainists, meteorologists, loggers, prominent merchants and shippers, say the reduction is due to cool, wet weather in late September which retarded progress of the irrigated crop and to a fungus infection which turned leaves black in some fields.

The committee estimated the standing acreage at 3,471,000 down from its estimate of 3,601,000 a month earlier. The reduction included drought-stricken dryland cotton that farmers have plowed under.

Reuter

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## Consumers demand milk price freeze

By OUR COMMODITIES STAFF

CONSUMER representatives have demanded that the Government should reject appeals from farmers, the Milk Marketing Boards, and the dairies for a 1p a pint rise in the retail price of milk.

A delegation from the National Consumer Council saw Mr. Roy Hattersley, Prices Secretary, rather than to let the price to be held down at 12 1/2p a pint.

Mr. Michael Shanks, chairman of the Council, said: "We told him in no uncertain terms that housewives would be incensed by any attempt to put up milk

prices yet again. The price is already too high."

Mr. Hattersley also saw Mr. John Owens, director-general of the Dairy Trade Federation, who argued that a 1p a pint would cover his industry's cost increases for a full 12 months.

Reuter

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## COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Gained ground on the London Metal Exchange. Forward metal moved higher at 27.402.5, ahead strongly on the pre-market to touch 27.500. The overnight trend on COMEX was mixed with little activity. This morning continued in the range with a slight upward bias.

Reuter

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Reuter

## COCOA

Overhanging producer selling kept prices on the defensive through the day, reports CIB and Reuters.

Reuter

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Reuter

## COFFEES

ROBUSTA traded in a narrow range throughout the morning and it was only in the afternoon that an unimpressive recovery was seen.

Reuter

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Reuter

## GRAINS

LONDON FUTURES (GATFA)—The market opened 1p lower. Country activity was limited but some buying support was seen at these levels which rallied the market. Barley was generally neglected in wheat distant options which closed unchanged 3p lower on nearby in the morning. Corn was 10-15p lower, and closed 10-15p lower. All reports.

Reuter

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Reuter

## WOOL FUTURES

LONDON—The market was dull and featureless. Trade reports.

Reuter

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## PRICE CHANGES

Price in tonnes unless otherwise stated.

Reuter

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## U.S. Markets

NEW YORK, Oct. 10.



## FINANCIAL TIMES STOCK INDICES

reflecting the closure of the Cape.  
The Gold Mines index recovered to 1.7 of 1938's. Most of the buying of gold was centred around the high-quality issues and emanated from the U.S.

Among the heavyweights, Western Driefontein was outstanding and rose 1/2 to 1237, while gains of 1 were common to Harthebeest, 113, Vaal Reef, 114, Free State, 115, Geduld, 119 and Western Holdings, 120.

South African Financials staged a good recovery following the American buying. De Beers rose 1/2 to 431p and Anglo American Corporation 15 to 371p.

London-registered Financials continued to benefit from the upsurge in base-metal prices on the London Metal Exchange. Anglo-Tin-zinc added 2 more to 256p.

Gold Fields rose 4 to 112 1/2, reflecting the good results from Amya Roadstone. Gold Fields' own results are due today while the group's quarterly gold mining reports will be published tomorrow.

The strength of bullion helped push the free market platinum price up to record levels and prompted a good London demand.

**STOCKS**

Closing price (p)	Change	1978 high	1975 low
104	- 7	648	448
582	- 7	662	484
914	+ 2	924	720
309	+ 3	321	328
219	+ 2	244	214
331	+ 1	353	237
77	+ 3	248	205
340	+ 1	50	42
410	+ 16	488	253
430	+ 1	484	414
430	+ 10	450	188

HIGHS AND LOWS		S.E. ACTIVITY	
14th Street Completion		14th St. 9	
High	Low	High	Low
78.54	68.79	137.4	40.18
81.97	70.75	159.4	50.35
535.5	453.4	549.2	49.4
206.6	140.5	442.5	45.5

## LONDON TRADED OPTIONS

Commodity	Export price	October		January		April		Export price
		October price	Vol.	January price	Vol.	April price	Vol.	
800	25	7	69	20	94	—	91	
170	41	—	42	34	64	25	—	
160	3	—	8	15	41	—	13	
150	18	21	58	12	31	—	13	
200	21	81	202	13	30	7	—	
200	34	—	35	40	18	15	—	
120	6	1	10	—	—	—	13	
130	1	30	53	28	9	—	—	
260	80	5	93	24	68	1	53	
170	40	0	27	34	66	—	—	
350	13	48	36	47	43	—	10	
550	2	82	19	—	28	10	—	
120	5	—	—	—	24	100	118	
120	1	25	8	6	9	18	—	
350	74	—	84	8	87	—	400	
350	43	—	37	10	50	—	—	
350	18	17	36	3	51	—	—	
420	1	59	16	9	23	—	—	
440	41	8	17	—	23	—	236	
120	18	—	46	15	—	—	—	
70	16	15	18	—	25	—	84	
80	61	—	12	9	15	—	—	
100	91	8	46	32	41	—	—	
550	33	9	50	4	66	5	593	
600	41	10	29	36	38	—	—	
—	349	—	—	356	—	104	—	
		November		February		May		
70	41	—	75	8	10	—	71	
80	16	—	21	48	41	32	—	
200	18	—	21	1	10	—	307	
320	4	15	10	3	18	—	—	
340	1	—	—	—	11	—	—	
11	140	27	1	27	5	36	—	
11	130	12	5	17	2	34	—	
180	4	—	—	—	11	16	—	
90	4	—	4	—	—	—	163	
90	23	—	36	10	45	—	10	
90	91	8	46	31	41	—	266	
380	4	—	15	10	20	6	—	
—	—	24	—	100	—	47	—	

37.1	-	2	90	71
37.1	-	4	268	246
50	-	1	94	97

## LOWS FOR 1978

LESSONS (3)				
Assoc. Lnhare				Norton & Wreht
Burr & S.T.A.				
MOTIONS (1)				
Hawser Inc				
MISCELLANEOUS (1)				
Earle and Wagon				
PROPERTY (1)				
British Columbia				Real Estate Securities
Country & New Town Real				City
County District				Steele County
Fairview Estate				Steele County
SHIPPING (1)				
Shaw				
SHOES (1)				
Sevic				
TEXTILES (1)				
Burr, Asphahr				Richman Knitwear
Lyon, S.S.				Shaw Carpet
Corse, Manis				Wine Woolen
TRUSTS (3)				
Cometalia Inc				Woods
Corse Estate				
RUBBERS (1)				
Anglo-Indonesian				
MINES (2)				
Lundberg				Rushbury

## NEW LOWS (6)

BRITISH FUNDS (3)				
Treasury, 11:19:1979				Treasury Variable 1982
Enoch, 12:19:1979				
BANKS (1)				
Hill Samuel Writs				
BUILDINGS (1)				
Abraham Court				
Abraham Court				

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London W4 2NG.

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... ..

Oct. 10	Oct. 23	Jan. 11	Jan. 23	consolidated Oil, Siebens Oil (U.K.).
Oct. 24	Nov. 6	Jan. 25	Feb. 6	First National Finance 91 per

	Up	Down	Same
British Funds .....	6	3	47

Mr. L. M. Warrants, Corp.,	500	1	51
Members, Parker Kuell, John	502	149	584
Aggas Appleyard, ICI, P and O	205	35	272
fferred, Tesco James Halstead	12	2	22
Grand Metropolis, First	6	5	21
ational Finance 9 1/2 per cent	49	21	23
192-37, Common Bros. New	15	6	26
Chromion Warrants, Assn			
Total	799	226	1,025

## EQUITIES

Date	Particulars	1976		Stock	Unit Price	+	Div. P. n Amount	Change	Yield	P.K. High
		High	Low							
75	F.P. 87/10	800	800	Brigshawton Inn. Acc	840	+88	456	3.4	8.9	3.6
75	F.P. 88/11	900	900	Central N.Y.	890		456	1.5	2.3	10.0

### FIXED-INTEREST STOCKS

Price	Amount Paid by	Letter Number	Date	1978		Blank	Quantity Paid by	+ 1
				High	Low			
100	F.P.	10510	10/10/78	100	100	Antarctic 122 Coast. Pk. 100	13	
100	F.P.	10511	10/10/78	100	100	Antarctic 122 Coast. Pk. 100	100	1
100	F.P.	10512	10/10/78	100	100	Antarctic 122 Coast. Pk. 100	100	1
100	F.P.	10513	10/10/78	100	100	Antarctic 122 Coast. Pk. 100	100	1

F.P.		Lay	Hu	Highway Bldg., Inc. 1967	118	
CIO	10:1	-9	d	Southwest Corp. 1967	8	14

994	Y3	---	912	Stratford Var. Blue 1000.....	981	14
995	Y3	---	913	Wool Kent Water 7g Prof. 1985.....	982	9g
996	Y3	---	914			
997	Y3	---	915			
998	Y3	---	916			
999	Y3	---	917			
1000	Y3	---	918			
1001	Y3	---	919			
1002	Y3	---	920			
1003	Y3	---	921			
1004	Y3	---	922			
1005	Y3	---	923			
1006	Y3	---	924			
1007	Y3	---	925			
1008	Y3	---	926			
1009	Y3	---	927			
1010	Y3	---	928			
1011	Y3	---	929			
1012	Y3	---	930			
1013	Y3	---	931			
1014	Y3	---	932			
1015	Y3	---	933			
1016	Y3	---	934			
1017	Y3	---	935			
1018	Y3	---	936			
1019	Y3	---	937			
1020	Y3	---	938			
1021	Y3	---	939			
1022	Y3	---	940			
1023	Y3	---	941			
1024	Y3	---	942			
1025	Y3	---	943			
1026	Y3	---	944			
1027	Y3	---	945			
1028	Y3	---	946			
1029	Y3	---	947			
1030	Y3	---	948			
1031	Y3	---	949			
1032	Y3	---	950			
1033	Y3	---	951			
1034	Y3	---	952			
1035	Y3	---	953			
1036	Y3	---	954			
1037	Y3	---	955			
1038	Y3	---	956			
1039	Y3	---	957			
1040	Y3	---	958			
1041	Y3	---	959			
1042	Y3	---	960			
1043	Y3	---	961			
1044	Y3	---	962			
1045	Y3	---	963			
1046	Y3	---	964			
1047	Y3	---	965			
1048	Y3	---	966			
1049	Y3	---	967			
1050	Y3	---	968			
1051	Y3	---	969			
1052	Y3	---	970			
1053	Y3	---	971			
1054	Y3	---	972			
1055	Y3	---	973			
1056	Y3	---	974			
1057	Y3	---	975			
1058	Y3	---	976			
1059	Y3	---	977			
1060	Y3	---	978			
1061	Y3	---	979			
1062	Y3	---	980			
1063	Y3	---	981			
1064	Y3	---	982			
1065	Y3	---	983			
1066	Y3	---	984			
1067	Y3	---	985			

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P.P.	309	10/11	14	ad	Handwritten History	68	
P.P.	309	10/11	1012	61	Handwritten History	53	+ 1/2
K.	1810	10/11	6	11-12	Handwritten History		

7110	81	31/12	31/12	3434	Chlorine Varnish	2421	
7111	X	31/12	31/12	3435	Chlorine Varnish	2422	+2
7112	60	P.F.P.	6-10	17/11	307	292	Daughters
7113	60	P.F.P.	6-10	5/11	110	101	Daughters
7114	65	N.F.	6-10	10/12	11	85	Wardens Group
7115	65	N.F.	26/10	37/10	11	86	of Justice Services
7116	60	P.F.P.	11/5	37/10	30	34	Kilnwick Holdings
7117	70	P.F.P.	11/5	37/10	30	34	Law Service

22	Kil	—	—	1 1/2 m	1 mi. Kirkgreen	1 mi.
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EQUITY GROUPS					Tues., Oct. 10, 1978		Mon., Oct. 9		Fri., Oct. 6		Thurs., Oct. 5		Wed., Oct. 4		Tue., Oct. 3	
GROUPS & SUB-SECTIONS																
Index	Day's	Est. Earnings Yield %	Times Dividends Paid	P/E Ratio	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index

3	Contracting, Construction (S&I)	587.07	+0.3	17.09	4.08	11.12	588.57	583.81	585.81	557.45	547.45
4	Electricals (I4)	583.72	+0.7	12.42	3.17	11.13	579.79	570.81	568.40	580.62	471.62
5	Engineering Contractors (I4)	382.82	—	17.37	5.60	7.80	382.28	380.85	380.18	381.85	371.85

8	Mechanical Engineering (73).....	194.42	+0.1	16.98	9.62	7.86	1.94	192.90	194.36	196.70	196.70
9	Metal and Metal Forming (16).....	172.19	+0.5	15.60	8.32	8.88	172.09	174.04	170.73	172.17	166.16
CONSUMER GOODS											
11	(DURABLES).....	219.54	+0.4	15.64	6.43	8.93	218.75	216.13	216.32	218.50	209.25
12	11 Electronics, Radio, TV (16).....	271.31	+0.4	13.57	3.76	10.34	270.20	286.73	267.08	286.73	267.08
13	Household Goods (19).....	187.13	+0.1	15.17	6.30	8.46	186.23	186.76	185.89	189.40	187.13
14	Motors and Distributors (25).....	130.03	+0.2	19.09	6.37	7.50	129.80	129.10	128.18	129.24	129.10
CONSUMER GOODS											
21	(NON-DURABLE) (12).....	218.55	+0.2	15.05	5.60	8.95	218.44	215.78	216.65	218.09	207.10
22	Breweries (14).....	230.43	+1.3	14.33	6.05	9.60	231.17	228.98	230.91	231.72	231.17
23	Wines and Spirits (6).....	294.13	+0.5	14.66	4.95	10.18	289.00	286.40	286.82	290.52	286.40
24	Engraving and Engraving (17).....	220.45	+0.2	12.69	6.33	11.25	219.67	227.06	227.42	227.73	227.06
25	Food Manufacturing (25).....	210.10	+0.6	18.17	5.75	8.43	210.10	210.10	210.10	210.10	210.10
26	Food Retailing (15).....	224.67	+0.9	12.88	3.99	10.79	223.62	229.20	230.77	229.21	231.23
27	Newspapers, Publishing (12).....	398.37	+1.0	19.19	6.45	7.31	394.42	399.74	391.92	387.58	394.42
28	Packaging and Paper (15).....	149.25	+0.8	17.26	7.18	7.63	148.12	145.51	146.21	147.44	148.12
29	Tobacco (40).....	205.00	-0.7	10.44	4.44	13.67	206.33	208.03	204.40	206.81	205.00
30	Tobacco (40).....	188.29	-0.2	12.61	7.40	7.43	188.29	186.56	186.56	187.14	188.29
31	Stores (2).....	245.15	+0.4	22.66	7.13	9.34	244.07	245.15	245.15	245.15	245.15
32	Tools and Games (6).....	117.56	-0.3	19.28	5.43	6.06	117.97	117.47	116.98	118.22	117.56
33	OTHER GROUPS (10).....	213.35	-0.1	14.69	5.70	8.78	213.67	212.77	213.77	214.80	213.35
42	Chemicals (18).....	300.93	+0.5	15.22	4.28	8.55	299.38	297.06	297.81	300.30	298.93
43	Pharmaceutical Products (7).....	273.56	+0.7	10.41	3.79	11.78	275.37	277.61	280.89	284.13	273.56
44	Automotive Equipment (6).....	140.55	-0.2	12.79	5.41	6.90	140.89	137.73	137.85	140.55	140.55
45	Shipping (10).....	220.50	-0.4	12.65	7.13	8.16	221.45	223.74	223.74	223.74	223.74
46	Miscellaneous (57).....	120.55	+0.4	16.31	6.11	9.16	121.46	123.12	124.29	123.12	123.12
49	INDUSTRIAL GROUP (48).....	252.02	+0.2	15.14	5.45	8.87	251.64	259.44	250.13	252.10	252.02
51	Oil (5).....	516.48	+1.3	15.53	3.89	8.02	510.04	507.50	511.71	516.26	511.71
59	500 SHARE INDEX.....	255.88	+0.3	14.90	5.20	8.73	255.05	256.80	253.76	255.24	255.88
61	FINANCIAL GROUP (10).....	167.28	+0.5	-	5.81	-	166.52	165.31	165.24	166.28	167.28
62	Banks (6).....	185.83	+1.2	25.16	6.31	5.96	183.65	181.89	180.96	183.41	185.83
63	Discount Houses (1).....	206.90	+0.1	-	8.36	-	206.69	207.92	208.43	206.90	206.90
64	Insurance/Premium (5).....	135.05	+0.1	15.36	3.89	6.59	134.93	135.93	135.93	135.93	135.93
65	Insurance (Life) (10).....	138.09	+0.5	-	7.07	-	137.47	135.48	136.18	135.53	135.53
66	Insurance/Composite (7).....	124.08	-0.1	-	6.80	-	124.14	123.12	123.56	124.79	124.08
67	Insurance Brokers (10).....	342.50	+0.4	13.85	4.84	10.33	341.29	340.48	341.01	344.83	342.50
68	Merchant Banks (14).....	84.10	+1.0	-	5.78	-	83.30	83.26	82.69	82.17	82.17
69	Property (31).....	261.47	+0.1	3.30	2.21	52.05	261.14	260.24	258.87	259.23	259.23
70	Miscellaneous (7).....	108.45	-	23.28	7.70	5.56	108.45	109.10	109.16	108.80	110.11
71	Investment Funds (50).....	225.01	+0.8	3.10	4.61	32.30	223.31	223.03	223.92	223.85	226.06
72	Real Estate Funds (4).....	117.47	+0.9	15.66	6.33	7.78	117.49	119.10	119.10	119.10	119.10
73	Commodity Traders (19).....	130.08	+0.9	14.77	6.97	8.49	129.78	129.78	129.78	129.78	129.78
80	ALL-SHARE INDEX (673).....	232.97	+0.4	-	5.34	-	232.03	230.25	230.88	232.56	232.97

	Tues- day	May's change	Sat. morn. Today	Sat. morn. 1971	Low coupons	5 years .....	9.03	9.05	6
British Government						15 years .....	11.05	11.04	9

	10	%	to date	3	25 years	11.90	11.89	10
Under 5 years.....	104.33	+0.04	7.38	4	Medium Coupons 5 years .....	12.02	12.02	8
5-15 years.....	124.95	—	7.61	6	15 years .....	12.27	12.26	10
Over 15 years.....	118.64	—	10.91	7	High Coupons 5 years .....	12.04	12.04	9
Irredeemables.....	127.21	—	9.62	8	15 years .....	12.80	12.80	11
All stocks.....	112.15	+0.01	8.75	9	25 years .....	12.95	12.94	11
				10	Irredeemables .....	11.72	11.71	10

16	20-yr. Red. Deb & Loans (15)	57.70	57.87	57.70	57.72	57.70	57.70	57.70	57.71	57.70	61
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16	Investment Trust Prefs. (151)	51.65	13.58	51.74	61.78	51.78	51.74	51.22	51.37	51.37	56
17	Coml. and Indl. Prefs. (20)	71.39	15.08	71.29	71.57	71.57	71.57	71.31	71.34	71.47	78

† Redemption yield. Highs and lows record, base dates and status, and settlement charges are indicated in columns 1 through 10.







## FINANCIAL TIMES SURVEY

Wednesday October 11 1978

## ALUMINIUM

The rate of growth in aluminium consumption is expected to settle down at about 6 per cent in a year. But the major producers, anxious to improve profitability, are taking a cautious view about expanding capacity despite the possibility of a world shortage by the early 1980s.

## Bright future looks assured

By Roy Hodson

THE National Geographic magazine recently called aluminium the "magic metal" in a wide-ranging survey of its uses and its potential. The international aluminium industry frequently wishes the magic could act more potently.

In spite of it being the most abundant metallic element in the world the usage of aluminium is still small in comparison with iron and steel. The Western world produces some 400m tonnes of steel a year but only 11m tonnes of aluminium.

The true aluminium age is yet to come. It could arrive within the next decade through the pressing need of industrialised nations to make better use of the metal's special virtues: in particular its com-

paratively light weight (half the weight of steel for similar strength); its resistance to corrosion; and the ease with which it can be formed. In a world which is newly-conscious of the price of energy, aluminium represents one certain route towards substantial energy-saving across continents by its adoption for light-weight machines, vehicles, and components.

The long-term future for aluminium is thus accounted bright. But cynics in the business reply that it always has been: while, as always, that big leap forward in aluminium usage remains tantalisingly round the corner.

## Growth

Of more practical importance is the predictable growth of the aluminium industry during the next five years. Definite patterns are now emerging.

For more than 30 years—right up to the latest world trading recession—production and usage of aluminium grew at a fairly steady 8 per cent a year. Dominated by the big north American producers the industry became thoroughly attuned to that brisk rate of growth. Meanwhile, metal plants would be necessary far a sound rate of return upon the use of the metal's special capital invested in the industry. Only during the past year have

some of the producers shown a new resolve to sacrifice some growth for a period of several years if necessary in order to secure a greater level of profitability from their production.

Between now and 1982 world aluminium demand is expected to grow at some 6 per cent a year. But surveys of new aluminium smelter capacity being built or contemplated (for the production of the primary metal from alumina) point to a consensus opinion that the industry's production capacity is only going to grow by 3 per cent a year up to 1982. The inevitable outcome of those two different growth rates is simply shown on the accompanying chart.

In 1982 aluminium consumption in the western world can be expected to overtake production.

By 1980, perhaps before, it is likely that aluminium prices will be hardening because of a looming general shortage of the metal and an actual tightening of supply in some market areas.

The expected annual growth rate in aluminium consumption is unlikely to prove optimistic, although copper has become extremely price competitive and must set back aluminium growth in certain specific applications. The 6 per cent growth estimate for aluminium could yet prove to be too low an estimate if moves towards greater use of aluminium in the world auto-

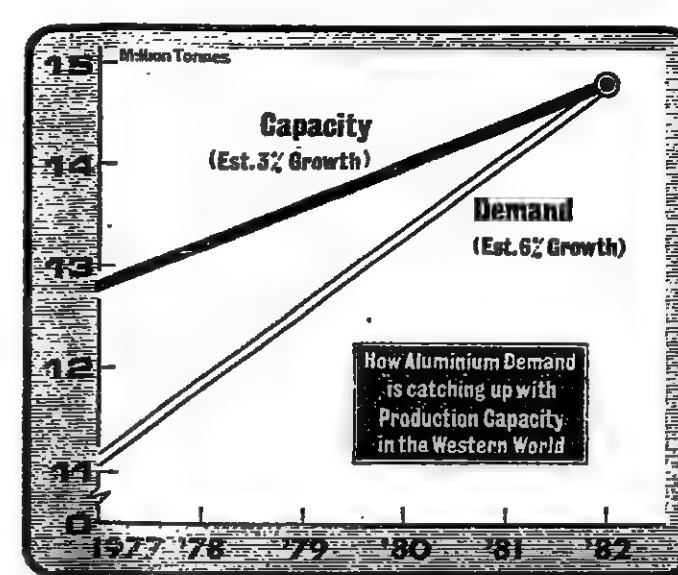
mobile industry take place rather more quickly than expected.

Meanwhile, the trend towards building new smelter capacity in underdeveloped corners of the world, where power for the energy-hungry process is both cheap and plentiful, is having its own dampening effect upon the expansion of the industry. Plants are coming on-stream more slowly than expected. Some are not meeting design performance.

## Shortage

A shortage of aluminium in the early 1980s seems inevitable unless there is a sudden flurry of new activity to invest in further smelters. And so far there is no sign of that. The companies generally would prefer aluminium users to become accustomed to paying a higher price for the metal before serious plans are laid for a major new round of investment in additional production capacity.

In the United States where aluminium smelter capacity will grow at less than 2 per cent during the next few years the majors—Alcoa, Reynolds and Kaiser—are prepared for substantially higher imports to meet anticipated demand levels. Some elements in the United States industry seem to be actively encouraging that trend. So far aluminium prices have



not risen dramatically although British market prices recently rose by 8 per cent and U.S. prices have been pushed up where possible.

Instead, the traditionally tight pricing structure worldwide is loosening. The ruling United States price, quoted in U.S. cents per pound, was traditionally accepted as the world standard price for aluminium. But it is becoming steadily less relevant as ever-increasing percentage of total supplies are manufactured outside North America, and as the North American producers export pro-

gressively less metal from their home smelters.

This autumn the London Metal Exchange introduced a futures market in aluminium. The aluminium industry is solidly against it claiming that the market will merely encourage gambling in the metal and do nothing to stabilise or hold down prices. But a number of observers see the LME move as just another stage in the detachment of the world aluminium industry from the rules and mores of the North American producers.

The next stage could be a most important development cent a year for some years to this year has been by one U.S. come.

currency aluminium price quoted by the producers.

Retrenchment by the North American companies has also helped bring in being this year side the U.S. market—has a true British aluminium sector which is being studied with interest by investors. First it became possible to invest in Alcan UK on the London market through the conversion of convertible loan stock into ordinary shares representing 16 per cent of the company's equity. That happened in June. Quickly and unexpectedly the Alcan move was followed by the reversion of British Aluminium to the role of an all-British company.

## Investment

Early in September Reynolds Metals sold its 49 per cent holding in British Aluminium for £43m to Tube Investments and a number of British financial institutions. The official explanation was that Reynolds— for 20 years a part-owner of British Aluminium—had become so far removed from the day-to-day running of the British company that its investment had become simply a portfolio holding. Reynolds claimed it would prefer to put the money to work in new aluminium investment in the U.S.

An active British aluminium industry promises to enliven the industrial scene from now on. In actual investment terms the most important development cent a year for some years to this year has been by one U.S. come.

major which still clearly believes in making new investment in the European Community. Alcoa—the biggest producer in the U.S. market—has opened a £40m aluminium rolling mill near Swansea to produce light gauge aluminium sheet specifically as a feedstock for British and continental can-makers.

The investment is interesting as it points up the looming battle between steel and aluminium for the European market. The Alcoa product is, however, likely to be sufficient to meet British and continental canners demands for several years to come. None of the other aluminium companies are contemplating building another plant to compete in that particular market sector with Alcoa.

There is a sense of expectancy in the aluminium business this autumn. The trend towards looser pricing arrangements has yet to be evaluated properly. The changing roles of the companies (as production in developing nations where power is cheap becomes of increasing importance), is another factor which can only be certainly measured with the passage of time.

The one thing most producers will agree upon is that growth will continue and most of them will be surprised if it falls far short of 6 per cent a year for some years to come.

## Alcan are doing their utmost to prevent another breakthrough.

In our time, we've made quite a few breakthroughs in aluminium technology: in smelting and semi-fabricating. But this isn't the only difference between us and other aluminium producers.

We also get deeply involved in the end-products our aluminium is used for.

To improve the quality of these products, we'll go beyond aluminium. Into safety glass, for instance. Because we're trying our best to prevent scenes like the one below.

In Alcan Safety Glass Ltd, we have one of Europe's largest makers of environmental and security glass.

In the UK, we certainly have more specialised manufacturing subsidiaries than any other aluminium company.

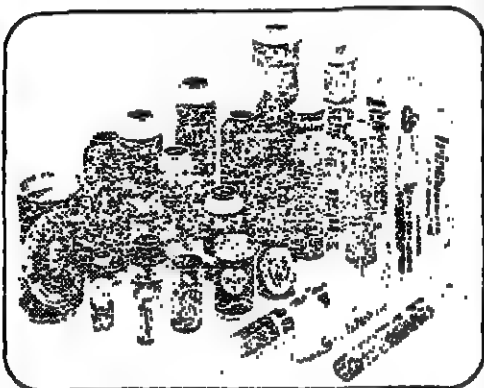
This concern for the standard of finished products not only gives us a nice, warm feeling. We find it's also good for business.





HERLAN

## Can and Tube Lines



as semi or fully automatic high-speed lines for collapsible tubes, aerosol and beverage cans, tablet cases, etc., preferably adapted to processing aluminium.

HERLAN

Ein Unternehmen der Rheinmetall-Gruppe  
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ALUMINIUM II  
Changing world demands

IN MANY WAYS North America is the pace-setter for the world aluminium industry. The big companies—Alcoa, Alcan, Reynolds, and Kaiser—grew up there. Until recently the big demand volume was concentrated there. The U.S. metal price still rules although its grip is slackening with such developments as the London Metal Exchange's aluminium market. And the North American market still has one more crucial card to play in the future. If demand for the metal is to increase dramatically through a policy decision by automobile makers to switch to a material lighter (with consequent fuel-saving) than steel that development will pivot around the big auto-makers of Detroit. They will set the pace and buy the metal.

An interesting point is that the world aluminium industry could not, at present, cope with a sudden preference for aluminium by Detroit. The aluminium industry's balance between supply and demand is closer than it has been at any time in the last 20 years. All the signs are that demand will continue to edge up towards the level of production until a meeting point between the two figures will occur probably in 1982. The metal will be in short supply.

Meanwhile, the U.S. market has its own problems and challenges. On the one hand there are enticing opportunities for companies prepared to invest in fast-growing sectors of aluminium demand—in particular foil and packaging. When Reynolds Metals recently pulled its \$45m stake out of British Aluminium it explained the money was needed back home saying: "The demand for aluminium in the U.S. is presently growing rapidly. Reynolds anticipates relatively strong growth in the U.S. demand for some time to come. Strong expansion in aluminium demand stems partly from several years of U.S. economic growth and partly from a marked structural change in the nature of U.S. aluminium markets."

The most important structural changes are occurring in certain domestic markets... all-aluminium beverage containers, flexible packaging, and household aluminium foil, and the transportation-related markets are all presently undergoing substantial changes which

point to larger aluminium requirements."

That statement from Reynolds—made in London to explain its change of policy over British Aluminium—represents the clearest exposition yet of how the big companies see the U.S. aluminium market developing. The implication must be that what is happening in America today will happen in the remainder of the world tomorrow.

On the other hand, it is becoming more difficult and more expensive to produce aluminium on the North American continent. A number of the very cheap power contracts which have so helped the industry down the years are now being renegotiated at far higher levels than knocking the industry's traditional—some might say hide-bound—economies into a cocked hat. Smelters are more expensive to build. There are new environmental restrictions.

## Imports

Mr. Cornell C. Maier, chairman and chief executive officer of Kaiser, recently told analysts that, "In the mid to long-term additional imports will be required to meet demand in the U.S. market." Already imports of aluminium account for about 10 per cent of the U.S. domestic supply. That figure is sure to rise.

The same U.S. major producers have, of course, invested heavily in new smelter capacity around the world wherever deep water is available for alumina cargoes and power supplies can be obtained sufficiently cheaply to make a smelter viable.

Sometimes those investments do not run as smoothly as might be expected from a home-based operation in the U.S. When power is cut from a smelter the pots "freeze" and have to be chipped out with pneumatic drills. The process costs millions of pounds in a typical smelter and takes months. There have been a series of cases of smelters "freezing" in various remote parts of the world because of interruptions to power.

But the trend is clear. The U.S. industry will concentrate upon supplying most of the demands of its home market and nearest export markets such as central America. Imports of aluminium into the U.S. will grow meanwhile.

In other parts of the world smelter development will continue at a slow but steady rate for as far ahead as forecasts can be made. One exception is Japan where high fuel costs are causing contraction in the industry.

The activities of the East bloc nations and China pose some interesting questions about the future development of international aluminium trading.

The Competition Department of the European Commission is presently putting the finishing touches to a statement of objections to certain aspects of trading between the aluminium producers. The investigation was sparked-off by interest in some

arrangements by which the Western companies were, for a limited period, purchasing aluminium from Russia, Czechoslovakia, Poland, and Hungary. The Comecon production looks like being an important factor in future. Will it continue to be available to "top up" western market needs?

China has been a net buyer of aluminium until now. Will that situation continue or will it change? China has excellent hydro-electric power potential and aluminium smelting might be considered a good way to use it during the industrialisation of the country. In which case Chinese aluminium could become a factor on the world market.

A recent survey of smelter plans, announced or contemplated round the world outside the U.S. suggests that the expected capacity increase of some 3 per cent a year during the next five years might even be on the high side. There are indications that a number of the paper projects may have been postponed or cancelled.

The world capacity for producing alumina—the base material made from bauxite—is far less uncertain. New alumina reduction plants—it is a simple chemical process—are building worldwide. For instance, Alcan has an 800,000 tonnes a year plant under construction near Limerick (shared with Atlantic Richfield and Billiton) to help supply European smelters, and another alumina plant is being built in Spain.

The usual yardstick for growth in aluminium usage in industrialised societies is that the rate of growth is about twice that of the gross domestic product.

The international aluminium industry sees no reason to depart from that rule-of-thumb yet. Indeed the rate could be

considerably higher in Japan, Europe, and North America during the next few years. In the automobile manufacturers' rev-up their plans for making more use of aluminium, a number of automobile makers and components companies are now in the process of making hard decisions of the "aluminium or steel?" variety for models and new components due to appear early in the 1980s.

A much bigger market—secondary aluminium—metal that has been used and melted—is also expected to develop as more aluminium scrap appears on the market. The aircraft industry will be increasingly rich source of material for secondary metal, the breaking-up of some of the earlier big jets begins. Risk secondary metal supplies, in turn, help automobile engine makers to choose aluminium castings and cylinder heads.

As more scrap aluminium circulates it is inevitable that manufacturers of many products now made from other materials will increasingly consider secondary aluminium as an alternative.

Roy Hodges

## The major uses

THE MAJOR markets for UK-produced aluminium have moved little in relation to each other over the past few years, though the industry believes that there may be significant growth in some sectors—notably transport and packaging. The industry is cautiously buoyant on most sectors of the market—though perhaps the can market leaves the greatest room for uncertainty and debate. No one knows for sure whether or not it will take off in a big way.

First, however, the major uses of aluminium. The broad market categories are: the building and construction industries; the transport industries; (cars, lorries, planes, trains and ships); domestic appliances; electricity supply; machines and industrial equipment; and containers of various kinds, including here aluminium foil. This list of the main uses is in order of importance: though it may be that, containers should soon move up one.

In building and construction, aluminium is used for a variety of decorative uses (or a combination of decorative and utility uses); wall facings, roofing, side panels, partitions, windows and doors, and awnings. It is growing in popularity in the manufacture of prefabricated houses, and custom-built exhibition stands (a rapidly growing market in its own right) are now often made in aluminium.

## Transport

The transport sector uses include aluminium components in almost every form of transport by land, sea and air. There are now aluminium-made trains and rolling stock; and in automobile manufacture, the product is used for body trims, for radiators, for brakes and for wheel trims. There is a growing market in ships' engines, while aluminium superstructures are becoming more popular as are hulls.

In the electricity sector, aluminium is used extensively in long distance electric transmission lines, and in the manufacture of condenser foil. In the general industrial machinery market, it is used for making cranes, hoists, scaffolding and lights. Finally, the container (can) market is growing, as is that of aluminium foil (though there may be future decline, or stagnation here, because of the competition from transparent cooking foil). The breakthrough in the can market will come, the industry believes, if it proves itself a competitive alternative to tin: at the moment, it is largely used as the top and bottom of beer cans, and in the manufacture of beer kegs.

There are three main products from aluminium mills: cast, rolled and extruded (including tubes). The UK production for 1977 for these three main products was: in cast, 121,000 tonnes; in rolled, 293,000 tonnes; in extruded, 141,000 tonnes. Growth is expected this year, but the Aluminium Federation is reluctant to predict how much: fourth quarter figures could go sharply up or down.

The breakdown of the main uses of the various products are roughly—for cast, 54 per cent in transport, mainly in the automobile industry; 15 per cent domestic; 10 per cent electrical; perhaps 10 per cent to stockholders. For rolled products, 20 per cent goes to cans and foil; 14 per cent domestic; 11 per cent road transport; more than 10 per cent to stockholders; 3 per cent to builders and 1 per cent to aircraft manufacture. Extrusions and tubes go 25 per cent to the electricity industry; 25 per cent to the building industry; 10 per cent to stockholders; 8 per cent to domestic; 7 per cent to road transport; 1 per cent to packaging and 1 per cent to aircraft manufacture.

These proportions, though

subject to some variation, have been surprisingly stable for the past two years: most volatile, the trade reckons, will be the domestic, automobile and packaging sectors, where some extra capacity has recently been installed. Alcan, for example, has recently completed a new plant in Leeds for the manufacture of laminated glass windows with aluminium frames.

World demand for aluminium has made a generally good—surprisingly good—recovery from the deep slump of 1975, and most major sectors of the market are thought to be on a rising trend. The UK industry is now confident enough to be pressing the government for assistance in expansion plans—so long as a special price can be arranged for the industry's supplies of electricity, which it uses in enormous quantities.

The packaging part of the market seems at the moment one of the most interesting, if only because of its unpredictability. The industry is quite simply wholly divided over whether it will increase dramatically, or continue much as it is now, with only slow growth.

Over the past ten years, and more, packaging has proven to be the largest growth area, and aluminium producers, especially in the U.S., have mounted a sustained campaign to increase their share in the market. Its advantages as a material—both rust-free and soft—lend it to a number of applications.

Annual increase in sales in the U.S. has been running at better than 15 per cent, a figure which can be sustained largely by the growth in the sale of the products which the aluminium packages. Convenience foods of all kinds have grown in popularity in the U.S., and now in Europe, within that overall market, the sale of beer and soft drinks in cans has greatly increased. Aluminium's contribution to the beer can was the pull-off top, now so universal it has become one of the symbols of disposable culture. The use of aluminium in this market has grown further with the development of the two-piece can, which can be filled very quickly by the drinks producers.

The market for beer cans in the UK this year is expected to be around 3bn cans (both beer and soft drinks): this is up from a total for 1975 of around 2.2bn cans. Most of this is taken up by tinplate, with some aluminium "topping and bottling," where aluminium is more flexible. However, it will not greatly increase its share of this sector unless there is more widespread use of it in the construction of the entire can.

## Packaging

Foil still remains the most important packaging use for the product in the UK. The convenience food market has certainly stimulated demand—takeaway foods are often wrapped in aluminium foil, as are pre-packaged foods. The changing social patterns—women increasingly being drawn into the full-time workforce—has meant, and will presumably continue to mean, that this growth will be sustained. Aluminium can withstand high temperatures, it lends no taste of its own to the food it covers and it is highly flexible: all these qualities ensure its continuing success.

Foil laminates are also much more widely used in the kitchen (by those who do not always use convenience foods) as a baking aid, a trend some producers have shrewdly capitalised on by producing cookbooks with recipes designed for use with foil. The foil also is used in general packaging, for such products as butter, milk, cream, coffee, soap, soup powders and shampoos.

The act of faith that is required to see a booming future in aluminium cans has been made most notably by Alcoa, which has invested £40m over the last five years in the plant it runs at Warrnambool, near Swansea, in South Wales.

John Lloyd

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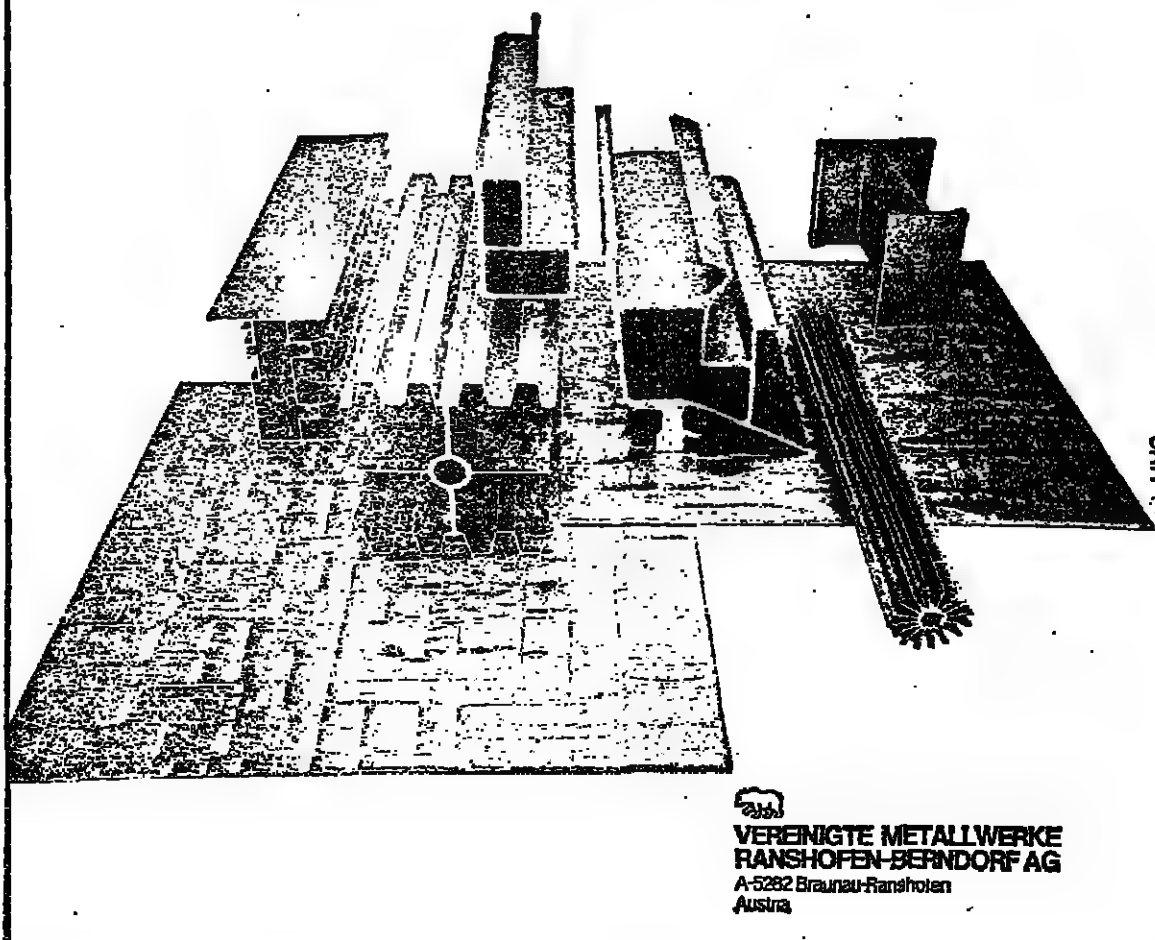
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# A bumpy ride for UK suppliers

THE BRITISH aluminium market is expected to show some growth in the second half of this year. But it is not likely to equal the brisk trading of the first half of last year which then petered out with the same suddenness with which it had begun. Sales directors are expecting the stronger demand to continue for some months into 1979 on the back of the consumer boom. Then a quieter period is expected with no major market expansion before 1980.

That market analysis—a consensus of opinions from the British industry—suggests a bumpy ride for aluminium. The important point is that the fluctuations in demand should be seen against the long-term growth in sales of both rolled products and extrusions. Aluminium in Britain has enjoyed continuing growth in spite of many temporary fluctuations. It is being hoped that the industry will achieve some 4 per cent growth next year. That will not be up to expected world levels of nearer 6 per cent. But it will be near enough to world performance to give the UK companies confidence in the basic ability of the aluminium market to grow.

## Importance

When demand in Britain used to sustain an 8 per cent annual growth such minor matters as stock levels did not matter overmuch.

But lately stock levels have assumed a new importance in calculating aluminium supply and demand in Britain. Many of the bigger swings either side of the standard growth curve during the last couple of years have been the result of aluminium users and stockists either stocking up in anticipation of price rises or booms in demand or, just as actively, de-stocking because of uncertainties about the economy.

The result of stocking and de-stocking has been to send the aluminium producers into a cycle of "stop go" in which they oscillate from non-growth to a faster rate of growth than they are geared to handle. The industry is hoping that the swings will not be a permanent feature of the market scene. Already there are signs that they are disappearing as the rate of inflation falls.

By far the most exciting new feature of the aluminium industry in Britain is the unexpected realignment of the two major companies, Alcan UK and British Aluminium. Since the summer Alcan has been traded as an ordinary share on the London Stock Exchange. Meanwhile, British Aluminium has become the only wholly-British aluminium company following the withdrawal of the former 49 per cent shareholder Reynolds Metals. Tube Investments now holds 58 per cent of British Aluminium but intends that the company should pursue a policy of vigorous growth under independent management without interference from the majority shareholder.

The fact that the two British companies can now be regarded as a fledgling aluminium investment sector in London has been enough to cause rising interest in aluminium affairs. The pundits are prophesying an exciting ride for shareholders as the industry is regarded as basically cyclical. But this need not be the case.

The world trend in aluminium is for metal supplies to become tighter and prices to rise at a rather faster rate than the industry was used to in earlier years when headlong growth was all the rage. The British aluminium companies may yet prove to be far less cyclical than expected, backed as they are by contracts for power supplies to their smelters at favourable rates.

There are three big smelters in Britain. The Holyhead smelter on Anglesey is owned by Anglo-Spanish Aluminium, in turn two-thirds owned by Kaiser and one-third owned by Rio Tinto Zinc. British Aluminium has a smelter at Invergordon together with two older and smaller smelters in the Scottish Highlands. Alcan has a big modern smelter at Lynemouth, Northumberland. The three modern smelters were all brought into being with the support of power at favourable rates—electricity for Anglo-Spanish and Invergordon, and coal for Alcan's own power station at Lynemouth from a pit next door.

All three smelters are now running at or near their design capacity. Yet Britain still requires to import some 80,000 tonnes of aluminium a year to "top up" home production. One way forward is for each of the companies to expand production at its smelter. That would only be economical if more cheap power—competitive with power prices to overseas smelters—were to be made available. So far neither the government nor the nationalised power authorities have shown any interest in aluminium smelting expansion. But the companies keep talking and hope that one day the idea will become politically respectable.

A basic difficulty in all talks about cheap power for smelters is the difference between the philosophy of power tariffs in Britain and in Europe. The British tradition has been to supply power as cheaply as possible to consumers without favouring one at the expense of another. In many other parts of the world industry gets a special cheap tariff because governments believe that it is economically desirable to discriminate in favour of the industrial power user at the expense of the domestic user.

Meanwhile, British Aluminium is studying the possibility of redesigning its Lochaber smelter in the Highlands at a cost of some £20m. Alcoa made a significant new investment in the British aluminium industry earlier this year—the company's biggest single project so far outside the U.S.—with a new £40m aluminium sheet plant in South Wales. The interesting feature of the Alcoa plant is that it is designed specifically to turn out aluminium feedstock for the canning industry. In the U.S. aluminium has made big inroads into canning through active marketing and campaigning by the aluminium companies. The future for aluminium cans in the British market is far less clear. For one thing British Steel will fight very hard to keep its 1m-tonnes-a-year-plus tinplate market with the canners. BSC has recently installed new tinplate-manufacturing capacity.

Alcoa has already found ready markets for its South Wales production in Britain and Europe. But it is likely to be some years before another aluminium company also decides to take the plunge with aluminium can material production in Britain.

Aluminium imports have now penetrated the British market to a higher degree than ever before and 30 per cent of aluminium rolled products are coming from abroad. That figure does not, however, unduly disturb the companies, most of whom are well used to operating internationally themselves. They consider it a normal level for a European country nowadays.

Aluminium growth in the British market is expected to closely follow world trends with the most lively areas being found in packaging transport, and building, while hope remains deferred for really solid penetration of the automobile industry. But in one area—military aircraft usage—the British market for aluminium looks particularly bright due to the inflow of orders for British and joint European designs.

Roy Hodson

## The futures market

"THE MORE the producers protest, the more we are encouraged about prospects for the aluminium futures market on the London Metal Exchange." That was the view expressed by one of the leading supporters of the new LME futures contracts that was launched on October 2nd.

It was an historic occasion for the Metal Exchange. It was the first new market introduced since silver trading was re-introduced in 1963. Since silver had been traded before, it was the first new metal to be introduced on the Metal Exchange since well before the second World War.

To the Metal Exchange the introduction of an aluminium futures market is very logical. In volume terms, aluminium is the most important non-ferrous metal exceeding copper. At the same time many of the LME companies already trade in aluminium on the so-called "free market", that is aluminium not sold at a price controlled by the major Western world producers.

Estimates of the importance of the aluminium "free market" vary according to the vested interest consulted and also the state of the overall market. In times of surplus, for example, one would expect a great deal more aluminium to find its way onto the "free market" not only from consumers and merchants with surplus supplies to dispose of, but also from producers anxious to break into new markets, such as China.

In times of surplus the Metal Exchange estimate that the "free market" accounts for 10 per cent of total aluminium sales could well be true; in times of shortage the Aluminium Federation claim that it equals only 2 per cent of the total could equally well be true.

The Metal Exchange argues that its new futures contract is primarily concerned with giving substance, and publicly quoted prices to the existing "free market" in aluminium, outside the producers' control. It is also aimed to provide hedging facilities for anyone trading on the free market, or indeed in aluminium. A lot of pressure to start the contract came from aluminium scrap traders, for example. Although scrap aluminium will not normally be of sufficiently high quality to deliver against the contract, traders will be able to hedge against price fluctuations to a certain extent just as they do in copper.

At the same time the Metal Exchange is basically a residual market of last resort, either for buyers or sellers. In times of shortages buyers would look to the Exchange to make up for shortfalls in supplies from the established producers. One of the functions of the Metal Exchange is to operate the free market mechanism in full and attract any surplus supplies that might be available by raising prices sufficiently high. Consumers, and producers, might well be tempted during times of shortage to "lend" supplies they do not require immediately to the market if the cash price premium is sufficiently high. They simply sell the aluminium for the high cash price and buy an equivalent amount back for delivery at a future date.

One problem with lending operations of this kind is that sales on the Metal Exchange are at sellers' option—in other words the seller can specify the warehouse where the metal is held and also the brand to be delivered. There is scope for switching, but the contract specification has deliberately been fixed at the low quality grade of 99.5 per cent purity compared with the 99.7 per cent

most widely traded. This is partly to widen the quantity of aluminium supplies that can be delivered on to the market, and also give opportunities for trading the fluctuating differentials between quality grades. The Achilles heel of the new Metal Exchange contract is whether the market will attract sufficient supplies to be able to operate effectively.

The fear is that if the market is starved of supplies, as threatened by the producers, then prices will be artificially distorted and it will not be able to provide proper hedging facilities or act as a realistic pricing medium.

## Danger

The Exchange is well aware of this danger, which is why there was so much delay in launching the new contract. But it is argued that unless a real scarcity of supplies develops the market should be able to attract a reasonable proportion of the present "free market" aluminium traded, particularly from the Communist bloc countries who no longer co-operate directly with Western world producers in pricing arrangements.

In future too the Exchange sees possible future developments role. It is all part of the mix put into service as it does with copper arriving at a free market price.

in attracting financial support from banks and speculators to help finance the cost of carrying any heavy surplus stocks that might develop.

It is claimed that aluminium producers, during the period recently when they were having to carry huge surplus stocks, were more amenable to the idea of a futures market being started casting envious eyes on the financial support provided to the copper producers through the Exchange.

This useful role, played by speculators and other non-trade interests, is often forgotten it is claimed in the general attack on the Metal Exchange as a gambling den. Certainly there is on occasions too much speculative influence, but this is often because the trade does not play a sufficiently active role.

Fundamentally the Exchange would argue that the real price of any metal is not what it costs to produce, but what the consumer is prepared to pay. At the same time there are increasingly other important influences on raw material prices these days, apart from the cost of production. Changes in foreign exchange rates, inflation and play an increasingly important role.

Exchange is confident that even though it may take some time to establish a viable market, eventually the new contract will exchange rates, inflation and play an increasingly important role. It is all part of the mix put into service as it does with copper arriving at a free market price.

The Exchange has been greatly encouraged by the trend in copper, where the U.S. producer price system has been undermined by the decision of Kennecott, the biggest producer, to abandon a producer price and base its prices on the New York copper exchange "free market" quotations.

## Linked

Although aluminium producers are more closely linked, and integrated, with the fabricating industry, it is felt they too will have increasing difficulty in maintaining a producer price system. The entry of new aluminium producers, in the Far East for example, outside the established Western world "club" may be one destabilising influence. And a further threat to the producer price system must result from the present EEC anti-cartel investigation that might well be taken up by the U.S. authorities as well.

In these circumstances, the Exchange is confident that even though it may take some time to establish a viable market, eventually the new contract will exchange rates, inflation and play an increasingly important role. It is all part of the mix put into service as it does with copper arriving at a free market price.

John Edwards

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## ALUMINIUM - IV

# Stockholding strengths

FOR THE first time in two or three years the fourth quarter looks as though it will resume its place as traditionally the best of the year. There are a number of demand pointers strongly suggesting this. But optimism is becoming harder to sustain with the prospect of industrial strife over the Government's pay policy. If events turn out to be as bad as some envisage they could knock the stockholding business off course. On the other hand, the underlying strength of the market displayed in the past few months may not be so severely affected as some pundits believe.

Views tend to equate with the status and size of the operator — the smaller independent noticeably more nervous than the front rankers. They are also influenced by the degree to which stockists are more widely involved in non-

ferrous metals. Most handle copper and brass products which also are making something of a comeback under the stimulus of general engineering demand.

The biggest stockholders are also producers, so stockholding has a vertical structure in terms of tonnages handled. Two of the biggest, Alcan Metal Centres and British Aluminium Company (BACO) are thought to handle about a third of total turnover, estimated at around £110m-£115m. In receding order of market shares are Amari, RTZ (Rio Tinto Zinc) north and south, and Alcoa (Aluminium company of America). The independents, and European-based stockists like Almet Stockholders (Pechel), Alu-Stock (Norsk Hydro) and Sidal Service Centres (Belgian) are fighting over the remaining third or so of the market.

In tonnage terms the average consumption of sheet from UK sources is probably around 6,200 tons a month, and 2,600 tons of extrusions. Imports of sheet are running about 7,300 tons a month, with imports of extrusions just under 900 tons. Even the stockists find it hard to

arrive at accurate figures and these have been rounded up. Even then it gives little indication of the volume of business done. A ton of foil, for instance, is a lot of foil, compared with a ton of extruded window frames. One of the most noticeable changes in the structure of the business over the past few years has been the emergence of Continental-based stockists.

This is a logical progression since most of the imported aluminium — is of European origin and seems to have filled up any gaps there may have been. At any rate no more newcomers are expected in the medium term. "It's tough enough going for those already in it" was one comment. Almost the only change recently has been the withdrawal of Reynolds Metals, the world's third largest aluminium producer, from BACO, in which it held 48 per cent. This has been largely a change in proprietorship than in deed or policy, since Reynolds has not taken an active management role for some time. All the same, it will give BACO more freedom to invest and to pursue a more aggressive policy if it wishes. This seems likely.

The year started better than most expected and heralded an end to destocking. The run-down has been a painful experience for all concerned. The accompaniment of falling prices and stock losses has tested the strongest nerves and the deepest pockets. The first quarter turnaround was therefore extremely welcome. Since then business generally has been at higher levels with many stockists looking for a 5 to 7 per cent improvement over the full year compared with 1977.

The more cautious believe that the improvement has signified no more than a summer peak of demand, and are waiting for an analysis of September's re-ordering to come to firmer conclusions. Nevertheless, the Government stimulated home improvement schemes, the heavy advertising of aluminium replacement windows and double glazing (some producers have their own double glazing specialists), and small but distinct signs of a stirring in demand from the general engineering industries begin to add up to better times ahead. Prices, too, are tending to harden after a period in which

aluminium prices tended to lag behind other metal price changes. Standard sheet is now being quoted at more than £900 a ton compared with a low of £870, and there is a wide expectation that prices will continue to float upwards. This is in line with increases occurring on the Continent and elsewhere. At the peak of price attrition, competition from Greece, Turkey, Italy and elsewhere was formidable and it was often a case of limiting losses rather than making profits. Since then their attention has turned to America, where demand has been strengthening. If current uncertainties over the extent to which industry may be disrupted by labour reaction to incomes policy were removed the outlook for a resumption of the previous 5-6 per cent market expansion would be correspondingly brighter. The 3 per cent growth in the economy to which Mr. Healey, Chancellor of the Exchequer, referred in his report to the recent meeting of the World Bank and International Monetary Fund organisations is beginning to show through and unemployment is happily falling.

Other factors are at work as well in key sectors of aluminium's markets. Energy conservation measures have taken root and will increasingly flourish in the design and construction of vehicles, especially vans and trucks but also cars. This is an area of demand largely dependent on legislation, and the tougher it is the greater the demand for aluminium for components like engines and bodies, clutch housings and so forth. Without such legislation there can be no doubt that vehicle manufacturers would be using far greater amounts of steel, or iron, which are cheaper.

Transport (including aeroplanes and ships) is easily the biggest outlet for aluminium.

### Advantages

While some of the extra demand appearing over the horizon will follow the pattern of being placed directly with customers, stockists can benefit. They have two substantial advantages over mills, which used to do much of the business. Stockists are more flexible and have shorter times. And where cost possession by a manufacturer can easily, at around £1000 a ton, tie up more than £5000 transferring this burden to a stockist is logical. Over years stockists have been taking an increasing amount of business available. Today it is believed that more than the rolled products and extrusions pass through their hands, and about a third wrought products.

Peter Cartwright

## Recycling efforts

THE IMPORTANCE of recycled materials to the overall economics of the aluminium industry can be simply outlined. They account for nearly half the total consumption and the waste materials are converted into usable products at about 5 per cent of the cost of making virgin aluminium. In round figures of the 500,000 tonnes of aluminium going annually into manufactured products some 230,000 tonnes come from recycled materials.

This is thought to be a higher percentage than from most other European countries and is due to a well organised scrap merchandising system that provides some 70 per cent of all scrap for the secondary smelters. Nearly half of this is consumer scrap. Other substantial sources are the semi-fabricators, fabricators and foundries some of which, because it is clean and of known composition, goes direct to the smelters, sited to serve the various regions. There the metal is re-processed according to requirements, there being a number of different refining techniques related to differences in quality.

Yields vary widely, from 25 per cent to 85 per cent. Dirty or oxidised scrap, discarded food containers, bottle tops and other domestic waste not only provides poorer yields but also constitutes an actual or potential health hazard. Aluminium pre-fabs, washing machines and cigar containers, for instance, provide higher yields. But while merchants do an essential key job, there is no doubt that a comprehensively organised collection of waste, perhaps based on schools, could prevent substantial tonnages from going to waste, though whether it would result in more energy being expended than that needed to produce virgin aluminium is debatable.

If kitchen foil, food containers, bottle tops and so on have to be washed before collection, cars used in getting it to a central point and other forms of energy used, the energy savings may be minimal, though favourite charities may benefit. Nevertheless, there appear to be some areas where a more intense effort could yield worthwhile results.

In America, for instance, there are more than 2,000 collection sites for aluminium cans. Last year \$43m was paid to collectors at 17 cents a can. In the UK well over 7,000 tons of aluminium are used in cans and most of it is wasted. One drawback is that the proportion of all-aluminium cans is still so small — 2 to 3 per cent — that except in exceptional circumstances it is not economically worth while to employ plant to recover them. There may be, for example, a case for it in

Glasgow, where Metal Box has an aluminium can plant. And Alcoa also promised, at the opening of its Swansea rolling mill designed specifically to make material for cans and cans ends, to initiate a recycling scheme.

There are other possibilities. Material Recovery is a joint venture by Metal Box, British Steel Corporation and Batchelor Robinson to recover and recycle used cans. "If any council will allow us to sort 100,000 tons of refuse a year, the sort of tonnage one can expect from a small town, we will put in a plant and provide the people to run it because we shall make money," I was told. The machinery, invented by Metal Box, has been in operation for a year and is now being offered to public authorities. On a throughput of 100,000 tons of dustbin waste it is expected to recover 6,000 tons of metal. The metal is steel or, if it is an aluminium ended can, a minute proportion of aluminium. All aluminium scrap will pass by the magnets designed to extract steel.

### Magnets

However, magnets have been developed by Alcoa and others (Prof. Eric Laithwaite, of London University, is involved in this country) that repel aluminium (if that is not a contradiction in terms) and push it out from lighter waste, like paper. If such devices were put behind steel extraction plants at tips and incinerators there is no doubt that worthwhile tonnages of aluminium could be saved for further use. And because increasing quantities of aluminium are being used for domestic and industrial uses the project could become of growing value.

First of all, however, it would seem to need more experiments than have so far been carried out to arrive at some conclusions as to the best way of going about it. It also, perhaps, needs a clearer distinction between recovery of energy savings may be minimal, though favourite charities may benefit. Nevertheless, there appear to be some areas where a more intense effort could yield worthwhile results.

The three month scheme in Buckinghamshire which ended in mid-July has not yet been analysed in detail, but it seems evident that the sympathetic and whole-hearted co-operation of a smelting unit is one of the key factors. International Alloys, an Alcoa British company, and a leading secondary metals smelter at Aylesbury, has for a number of years been buying charity scrap — milk bottle tops, ring pulls from cans, and so on — for Guide Dogs for the Blind and Oxfam. In this exercise it collaborated with the

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100.00	99.50	British Fund	100.00	+0.50	5.00
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100.00	99.50	British Fund	100.00	+0.50	5.00
100.00	99.50	British Fund	100.00	+0.50	5.00

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High	Low	Stock	Price	+ - %	Div. Yield
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100.00	99.50	British Fund	100.00	+0.50	5.00
100.00	99.50	British Fund	100.00	+0.50	5.00
100.00	99.50	British Fund	100.00	+0.50	5.00
100.00	99.50	British Fund	100.00	+0.50	5.00
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100.00	99.50	British Fund	100.00	+0.50	5.00
100.00	99.50	British Fund	100.00	+0.50	5.00
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100.00	99.50	British Fund	100.00	+0.50	5.00
100.00	99.50	British Fund	100.00	+0.50	5.00
100.00	99.50	British Fund	100.00	+0.50	5.00
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100.00	99.50	British Fund	100.00	+0.50	5.00
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11	18	Gen. Inv. 8 1/2	18 1/2	+	\$2.00
18	17 1/2	Colgate 3 1/2	14	+	\$1.00
22	25	Colt Inds. 51	26 1/2	+	\$2.10
25	15 1/2	Cont. Illinois 51.0	21 1/2	+	\$1.44
27	37	Cont. Oil 55	24 1/2	+	\$1.90
37	20 1/2	Crown Ind. 35	24 1/2	+	\$1.90
47	20 1/2	Cutter-Rammer 55	39 1/2	+	\$31.40
32	21	Easton Crt. 50.50	28 1/2	+	\$2.25
21	17 1/2	Essex 47	19	+	\$1.84
10	28 1/2	Exxon 47	19	+	\$1.84
10	67 1/2	First Nat. Time 11	93 1/2	+3	\$1.51
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41 1/2	26 1/2	Ford Motor 35	31 1/2	+	\$3.60



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25	B.A.T.	1	"Lola"	23	45	P.P.
26	British Oxygen	1	"Lola"	24	46	Intrepren
27	Brown I.L.	1	"Lola"	25	47	Intrepren
28	Barton A.	1	"Lola"	26	48	Intrepren
29	Barton A.	1	"Lola"	27	49	Intrepren
30	Barton A.	1	"Lola"	28	50	Intrepren
31	Barton A.	1	"Lola"	29	51	Intrepren
32	Barton A.	1	"Lola"	30	52	Intrepren
33	Barton A.	1	"Lola"	31	53	Intrepren
34	Barton A.	1	"Lola"	32	54	Intrepren
35	Barton A.	1	"Lola"	33	55	Intrepren
36	Barton A.	1	"Lola"	34	56	Intrepren
37	Barton A.	1	"Lola"	35	57	Intrepren
38	Barton A.	1	"Lola"	36	58	Intrepren
39	Barton A.	1	"Lola"	37	59	Intrepren
40	Barton A.	1	"Lola"	38	60	Intrepren
41	Barton A.	1	"Lola"	39	61	Intrepren
42	Barton A.	1	"Lola"	40	62	Intrepren
43	Barton A.	1	"Lola"	41	63	Intrepren
44	Barton A.	1	"Lola"	42	64	Intrepren
45	Barton A.	1	"Lola"	43	65	Intrepren
46	Barton A.	1	"Lola"	44	66	Intrepren
47	Barton A.	1	"Lola"	45	67	Intrepren
48	Barton A.	1	"Lola"	46	68	Intrepren
49	Barton A.	1	"Lola"	47	69	Intrepren
50	Barton A.	1	"Lola"	48	70	Intrepren
51	Barton A.	1	"Lola"	49	71	Intrepren
52	Barton A.	1	"Lola"	50	72	Intrepren
53	Barton A.	1	"Lola"	51	73	Intrepren
54	Barton A.	1	"Lola"	52	74	Intrepren
55	Barton A.	1	"Lola"	53	75	Intrepren
56	Barton A.	1	"Lola"	54	76	Intrepren
57	Barton A.	1	"Lola"	55	77	Intrepren
58	Barton A.	1	"Lola"	56	78	Intrepren
59	Barton A.	1	"Lola"	57	79	Intrepren
60	Barton A.	1	"Lola"	58	80	Intrepren
61	Barton A.	1	"Lola"	59	81	Intrepren
62	Barton A.	1	"Lola"	60	82	Intrepren
63	Barton A.	1	"Lola"	61	83	Intrepren
64	Barton A.	1	"Lola"	62	84	Intrepren
65	Barton A.	1	"Lola"	63	85	Intrepren
66	Barton A.	1	"Lola"	64	86	Intrepren
67	Barton A.	1	"Lola"	65	87	Intrepren
68	Barton A.	1	"Lola"	66	88	Intrepren
69	Barton A.	1	"Lola"	67	89	Intrepren
70	Barton A.	1	"Lola"	68	90	Intrepren
71	Barton A.	1	"Lola"	69	91	Intrepren
72	Barton A.	1	"Lola"	70	92	Intrepren
73	Barton A.	1	"Lola"	71	93	Intrepren
74	Barton A.	1	"Lola"	72	94	Intrepren
75	Barton A.	1	"Lola"	73	95	Intrepren
76	Barton A.	1	"Lola"	74	96	Intrepren
77	Barton A.	1	"Lola"	75	97	Intrepren
78	Barton A.	1	"Lola"	76	98	Intrepren
79	Barton A.	1	"Lola"	77	99	Intrepren
80	Barton A.	1	"Lola"	78	100	Intrepren
81	Barton A.	1	"Lola"	79	101	Intrepren
82	Barton A.	1	"Lola"	80	102	Intrepren
83	Barton A.	1	"Lola"	81	103	Intrepren
84	Barton A.	1	"Lola"	82	104	Intrepren
85	Barton A.	1	"Lola"	83	105	Intrepren
86	Barton A.	1	"Lola"	84	106	Intrepren
87	Barton A.	1	"Lola"	85	107	Intrepren
88	Barton A.	1	"Lola"	86	108	



